

DOCUMENT RESUME

ED 247 457

CF 039 555

TITLE Women Entrepreneurs: Their Success and Problems.
Hearing before the Committee on Small Business,
United States Senate, Ninety-Eighth Congress, Second
Session (Eugene, Oregon).

INSTITUTION Congress of the U.S., Washington, DC. Senate
Committee on Small Business.

REPORT NO Senate-Hrg-98-849

PUB DATE 30 May 84

NOTE 102p.; Not available in paper copy due to small
type.

PUB TYPE Legal/Legislative/Regulatory Materials (090) --
Viewpoints (120)

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.

DESCRIPTORS Adults; Business Administration; Career Education;
*Employed Women; Employment Opportunities;
*Employment Problems; *Entrepreneurship; Females;
Hearings; Sex Discrimination; *Small Businesses

IDENTIFIERS Congress 98th; *Oregon

ABSTRACT

This is a congressional hearing to acquire testimony and information about women in business or about unusual problems that have been found. Testimony includes statements from individuals representing Big Bear Shopper, Inc.; United States Business and Professional Women (BPW/USA); Rural Small Business Programs, Lane Community College; Mater-Engineering, Limited; Four Seasons Advertising Design; Riverside Equipment Services; Mary Seeman Interior Designs; Women Entrepreneurs of Oregon; Jean Tate Real Estate; and National Association of Bank Women. (YLB)

* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *

CE

S. Hrg. 98-849

WOMEN ENTREPRENEURS: THEIR SUCCESS AND PROBLEMS

ED247457

HEARING BEFORE THE COMMITTEE ON SMALL BUSINESS UNITED STATES SENATE NINETY-EIGHTH CONGRESS SECOND SESSION

ON

WOMEN ENTREPRENEURS: THEIR SUCCESS AND PROBLEMS

EUGENE, OREG.—MAY 30, 1984



U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

☒ This document has been reproduced as
received from the person or organization
originating it.

☐ Minor changes have been made to improve
reproduction quality.

• Points of view or opinions stated in this docu-
ment do not necessarily represent official NIE
position or policy.

Printed for the use of the Committee on Small Business

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1984

36-012 O

CE039533-

COMMITTEE ON SMALL BUSINESS

LOWELL WEICKER, Jr., Connecticut, *Chairman*

BOB PACKWOOD, Oregon

ORRIN G. HATCH, Utah

RUDY BOSCHWITZ, Minnesota

SLADE GORTON, Washington

DON NICKLES, Oklahoma

WARREN RUDMAN, New Hampshire

ALFONSE M. D'AMATO, New York

BOB KASTEN, Wisconsin

LARRY PRESSLER, South Dakota

DALE BUMPERS, Arkansas

SAM NUNN, Georgia

WALTER D. HUDDLESTON, Kentucky

JAMES R. SASSER, Tennessee

MAX BAUCUS, Montana

CARL LEVIN, Michigan

PAUL E. TSONGAS, Massachusetts

ALAN J. DIXON, Illinois

DAVID L. BOREN, Oklahoma

ROBERT J. DOTCHIN, *Staff Director*

MARY MEYERS MANN, *Professional Staff Member*

ALAN L. CHVOTKIN, *Minority Chief Counsel*

(II)

CONTENTS

Statement of Senator:	Page
Packwood, Hon. Bob, a U.S. Senator from the State of Oregon.....	1
Statement of:	
Davidson, Diane, owner-operator, Big Bear Shopper, Inc.....	54
Hays, Maxine, past president, International Federation of Business and Professional Women's Clubs.....	2
Holmes, Deborah, coordinator, Rural Small Business Programs, Lane Community College.....	75
Mater, Catherine, Mater-Engineering, Limited.....	43
Muscato, Pam, chief executive officer, Four Seasons Advertising Design....	37
Rolls, Karen, president, Riverside Equipment Services.....	48
Seeman, Mary, Mary Seeman Interior Designs, and president, Women Entrepreneurs of Oregon.....	58
Tate, Jean, Jean Tate Real Estate.....	34
Willard, Virginia J., vice-president of corporate banking, Bank of California, testifying for the National Association of Bank Women.....	63

HEARING DATE

May 30, 1984:	
Morning session.....	1

(III)

WOMEN ENTREPRENEURS: THEIR SUCCESS AND PROBLEMS

WEDNESDAY, MAY 30, 1984

U.S. SENATE,
COMMITTEE ON SMALL BUSINESS,
Eugene, OR.

The committee met, pursuant to notice, at 9:10 a.m., in Studio One, Hult Center, Eugene, OR, Hon. Bob Packwood (on behalf of the chairman of the committee) presiding.

Present: Senator Packwood.

STATEMENT OF HON. BOB PACKWOOD, A U.S. SENATOR FROM THE STATE OF OREGON

Senator PACKWOOD. The committee will come to order, please. I was waiting just a bit to give some of the media a chance to get set up, but I don't want to delay all of you any longer.

I have called this hearing today under the auspices of the Small Business Committee, on which I serve, in order to get testimony and get information about women in business, or unusual problems you find. Getting into business is risky enough, male or female, and getting credit is tough enough, male or female; but the evidence seems to be generic and overwhelming all over the country: If you are a woman and getting into business, credit is tougher and the standards are tougher. And if you're married, you have to have your spouse sign. If your spouse was borrowing, they wouldn't ask you to sign. We run into situations like this all over. I'm really asking for testimony from you as to what experience you've had, what suggestions you can make as to change; because if you look at growth of small business in this country in the last few years, it is small business owned by women that is growing at a much more rapid rate proportionately than those owned by men. And to the extent that small business employs most of the new hires in this country—not big business, not General Motors, but small business—and if many of those small businesses are being founded by women or would be founded by women if they had access to credit and financing, if we don't make it adequate and available and if we don't make the opportunities equal, we are missing an opportunity not just for women; we're missing an opportunity for reducing unemployment in this country.

So I'm delighted that so many of you are willing to take time today to come. I've looked at the testimony that has been turned in ahead of time; it is right on point as to what I'm looking for. And so, we'll start off now, and I'll give you a time schedule, roughly—

(1)

we have to be done about 11 o'clock. To the extent that those of you who have turned in testimony in writing, it will be in the record in its entirety. If you choose to abbreviate it, speak orally, leave some time for questions, that is fine.

So let's start out with our first panel of Maxine Hays, Jean Tate, and Pam Muscato. I know these three witnesses well and have known them for some period of time. Do you have any objection to going in the order that you're on the witness list, Maxine first?

Go right ahead, Maxine.

STATEMENT OF MAXINE HAYS, PAST PRESIDENT, INTERNATIONAL FEDERATION OF BUSINESS AND PROFESSIONAL WOMEN'S CLUBS

Ms. HAYS. Good morning.

Senator PACKWOOD. I know you've never testified before, and you're very nervous.

Ms. HAYS. My name is Maxine Hays and I'm the immediate past president of the International Federation of Business and Professional Women. I'm also past president of the United States BPW, now known as BPW/USA, and I'm here today representing BPW/USA.

I have a deep concern for the issue of women and small business. I'm a small business owner myself, and I also serve on the Small Business Administration's National Advisory Council.

Women have a unique stake in small business, both as owners and employees. Over the past decade the number of women in the paid labor force has increased dramatically. Along with this increase we are seeing a tremendous increase in the number of women going into business for themselves. Today, women are becoming entrepreneurs at a rate five times greater than men; between 1977 and 1980, women-owned businesses increased 33 percent. Current estimates are that one employed woman in 12 earns part or all of her livelihood as a small business owner.

The American dream of owning and operating a business is shared by both women and men; but while the dream is shared, certain problems are not. As in virtually every area of this Nation's economic life, we find that women face additional barriers. Sex discrimination, both overt and subtle, is still commonplace. The woman entrepreneur faces problems that her male counterpart does not. She has more difficulty in building up capital; she is discriminated against when applying for loans; she is less likely to have the educational and occupational experience needed for success; she is penalized for her sex in certain types of insurance; she is excluded from important business networks, and she receives nowhere near her fair share of Government contracts.

In fact, sex discrimination has an impact on every aspect of the woman business owner's life. Ironically, sex discrimination in the workplace may be one of the driving reasons that so many women are starting their own businesses. Many women who find career paths blocked because of subtle discrimination realize that the only way they can achieve economic security is to be their own boss. Unfortunately, the effects of sex discrimination and sex stereotyping follow women, whatever path they choose.

Employed women are less likely to get on-the-job training they need for starting a business. Seventy percent of all women are clustered in the lowest-paying occupations with little chance of advancement. Despite legal protections against employment discrimination, women are still not fully represented in mid- and upper-level management positions which are often a training ground for entrepreneurs.

Not only is a potential woman entrepreneur unlikely to have the best opportunities for workplace training, she often lacks the appropriate formal education. Since the passage of title IX of the Educational Amendments of 1972 we have seen great progress in the number of women pursuing education in traditionally male fields. But even with title IX, many women have continued to be subtly channeled into traditionally female educational programs.

It is essential to remember how recently discriminatory practices were commonplace. For example, only 12 years ago women were turned away in much greater numbers than men from most business schools, and were required to have better grades and test scores for admission. This recent memory of sex discrimination in education makes the Supreme Court decision restricting the scope and effect of title IX even more distressing.

There are two areas where overt sex discrimination continues. The first is insurance. Women who are self-employed must pay more for their health and disability insurance than similarly situated men, and this is especially devastating for new business where capital is almost always in short supply.

Second, women are excluded from community and business groups, such as the Rotary and Jaycees, where important business contacts are made. The old boy network works for men but creates additional barriers for women trying to compete.

Women also have special problems in raising sufficient capital to start or expand a business, and in getting business credit. First, because of occupational segregation and wage discrimination, employed women are much less likely to be in a position to build up adequate capital of their own. Despite the Equal Pay Act and title VII of the Civil Rights Act, women still earn 59 cents for every \$1 earned by men.

There are a number of factors combined to make women look like poor credit risks to financial institutions. Because of long-established and continuing social patterns, many women interrupt their careers to tend to traditional family matters such as rearing children or caring for disabled adults.

Also, women are less likely to have the hands-on business experience which many lenders look for before granting a business loan. While all small businesses face some problem getting credit, the problem is greater for women because of sex discrimination. Many financial institutions and individual lenders still hold a biased attitude toward women.

A number of women have reported that they were denied credit because of their sex or marital status; yet, if a woman believes she has been discriminated against in commercial lending, she has no practical recourse. The Equal Credit Opportunity Act of 1974 prohibits creditors from discriminating against applicants on the basis of race, color, religion, sex, national origin, marital status, or age.

But business credit is exempt from many of the act's provisions. Creditors are allowed to request information concerning the business applicant's marital status. Creditors are not required to provide written reasons for denying commercial credit, or to automatically disclose an applicant's right to request this information. Creditors are not required to retain records relating to the commercial credit application unless the applicant requests such retention.

Without these procedural safeguards, the substantive provisions of nondiscrimination in the Equal Credit Opportunity Act are unenforceable in business transactions.

Finally, another hinderance to the survival and success of women-owned businesses is their virtual exclusion from Federal Government procurement opportunities. The Federal Government is probably the most stable customer in America today, buying more than \$100 billion worth of nearly every kind of good and service each year. Yet, female-operated firms accounted for only four-tenths of 1 percent of the total award of fiscal year 1982 Federal prime contracts over \$10,000.

This gap has been blamed on women themselves. We are told that women lack adequate knowledge and experience in bidding and are not involved in the sectors of the industry in which the Government does contracting. However, consider this: Roughly 30 percent of the Defense Department's multibillion dollar procurement budget goes for such items as uniforms, food, laundry, and liquor. Clearly, the low level of Government contracting to women reflects both discrimination and the absence of a strong Federal initiative to support women-owned businesses.

The current barriers to women business owners will not be eliminated overnight. However, as Secretary Margaret Heckler testified in 1980, and I quote, "The burden falls equally on both the public and private sectors, but nothing will happen in the private sector unless the Government takes the lead."

Much needs to be done if women are to participate fully in entrepreneurship. The following are specific recommendations for action.

One, reliable data on women-owned businesses must be collected and made available.

Two, sex discrimination in education must be totally eliminated. Every effort Congress can make in this area would be helpful. We strongly urge the restoration and vigorous enforcement of title IX, as well as the reauthorization of the Women's Educational Equity Act.

Three, equal access to capital and credit must be strengthened. The Equal Credit Opportunity Act has done a great deal to eliminate sex discrimination in consumer credit. Why is this protection missing in business credit? The provisions of this act that protect women from discrimination should be extended to business credit.

Four, opportunities for women in nontraditional fields must be expanded so that women can open businesses in all fields, including the most lucrative ones. Implementation of equal pay for work of comparable value is imperative if women are to be able to start and expand businesses in all fields.

Five, Federal procurement opportunities for women must be enhanced. The development of mechanisms and incentives is imperative if women are to partake of their fair share of the lucrative Government procurement business. Four-tenths of 1 percent is a pitiful level of participation when we know that women own at least one quarter of all small businesses.

Numerical goals to dramatically increase the number of women-owned firms qualifying for Federal contracts must be established and strictly enforced.

We applaud Elizabeth Dole, Secretary of Transportation, for her strong commitment to women entrepreneurs; however, women desperately need such leadership and followthrough from more than one policyholder. Women have for too long been excluded from the full fruits of the entrepreneurship because of legal and social barriers. We must vigorously support all efforts to ensure that more women can fulfill the American dream of owning their own businesses. As Representative Geraldine Ferraro recently stated, "The solution to problems faced by women in business is to watchdog what is happening in Washington and to recognize that one woman's problem is every woman's problem."

We would further state that what is every woman's problem is America's problem. Thank you.

Senator PACKWOOD. Maxine, thank you.

[The prepared statement of Ms. Hays follows:]

Executive Summary
 Testimony of Maxine Hays
 National Federation of Business and Professional Women's Clubs
 BFW/USA

Today, women are opening their own businesses at a rate five times greater than men. Estimates show that there are three million women business owners in this country and their growing presence is a relatively recent occurrence. Between 1977 and 1980, women-owned businesses increased 33 percent. However, while women harbor the age-old dream of becoming their own boss, they encounter specific obstacles in their business ventures because they are female.

The woman business owner emerges from a social context that rarely prepares her to best manage her own enterprise. Not only does the subtle discrimination she has faced in every aspect of her youth, education and employment hinder her, the policies of financial and governmental institutions limit her opportunities for success. The prospective woman business owner does not usually have the educational and occupational experience to bolster her business venture. She is likely to be discriminated against when she applies for loans. She will be penalized because of her sex when she buys insurance. Very likely, she will not have the opportunity to serve the largest consumer in the country, the government. Sex discrimination is a primary barrier to women's success as business owners.

Briefly, let us examine the background that the average woman brings to bear on a new career as a business owner. The employment experience of prospective women business owners are often not good paths to entrepreneurship. We know, for example, that mid- and upper-level management positions are the training grounds for business ownership. However, women are still not fully represented in these positions. With nearly 70 percent of working women clustered into the lowest paying occupations--clerical, service, sales and unskilled factory jobs--women tend to lack the skills, the management track record and the capital that would best equip them to successfully run their own business.

Too often, women also lack the formal education needed for success as an entrepreneur. Prior to the passage of Title IX of the Education Amendments of 1972, women were routinely excluded from some courses of study, including graduate business training. Since Title IX, some progress has been made with more women entering "traditionally-male" fields. But, even with Title IX protection, many women are still channelled into "traditionally-female" areas and away from vital fields such as science and engineering. The recent Supreme Court decision limiting the scope and effectiveness of Title IX means that even the limited progress women have made could be wiped out.

Given women's education and employment patterns, women-owned businesses remain in the retail and service areas, the least profitable areas for small business.

While the handicaps imposed by traditional education and work experience limit the success and range of women-owned businesses, we can also point to specific forms of discrimination in our nation's institutions. For example, the Equal Credit Opportunity Act (ECOA), which protects women from discrimination in consumer credit, does little to make sure that they are treated fairly in business credit. In general, these business loans are disbursed to large, well-established firms before they go to the small, new enterprises. All small business people face this obstacle, but, women are disproportionately affected because they are almost exclusively owners of small businesses. Further, because such loans are often granted based on "gut-feeling," women suffer from

sex-role stereotyping and discrimination. The EEOA does not require the retention of the records that document the reasons for denial of a loan. Unless a woman knows to request this documentation, she will have no evidence to base a charge of sex discrimination.

The lack of commitment to making women's businesses a viable sector of the business community can also be found in the policies and procedures governing federal contracts. Women do not get their fair share of these contracts. The federal government is probably the most stable customer in America today--buying more than \$100 billion worth of nearly every kind of goods and services each year. Yet, female-operated firms accounted for only four-tenths of one percent of the federal prime contracts over \$10,000 awarded in FY 82. This is an appallingly low figure when one-fourth of all small businesses are women-owned. Many blame women and the type of service or product they are likely to offer. However, consider for a minute, that roughly thirty percent of the Defense Department's multi-billion dollar procurement budget goes for items such as uniforms, food, laundry and dry-cleaning equipment, liquor, draperies, etc. Women business-owners suffer from exclusion from the so-called "old-boy information networks" when they bid for government contracts.

The barriers which now exist for women business owners and potential entrepreneurs will not be eliminated overnight. And yet, as Margaret Heckler, Secretary of Health and Human Services, said at a Congressional hearing in 1980 on the status of women-owned businesses, "The burden falls equally on both the public and private sector, but...nothing will happen in the private sector unless the government takes the lead."

Women business owners are looking for evidence of a commitment to eliminating sex-role stereotyping and sex discrimination. Prospective women business owners need equal educational and employment opportunities, and access to credit and government contracts. Women have for too long been excluded from the fruits of entrepreneurship because of legal and social barriers. We must vigorously support all effort to ensure that capable women can fulfill the American dream of owning their own businesses.

Testimony Delivered
before the
Honorable Bob Packwood
member of
the Senate Committee on Small Business
on
Women and Small Business
by
Maxine Hays
of
The National Federation of Business and Professional
Women's Clubs, Inc. (BPW/USA)

May 30, 1984

The National Federation of Business and Professional Women's Clubs, Inc. (BFW/USA) was founded in 1919 to improve the status of women in the workforce. Today, BFW/USA has a membership of over 150,000 women and men, living in all fifty states and the District of Columbia, Puerto Rico and the Virgin Islands. There are over 3,500 BFW/USA organizations with at least one organization in every Congressional District in the United States. Since its establishment over 64 years ago, the objectives of the Federation have remained the same: to promote full participation, equity and economic self-sufficiency for working women.

We appear before you today to testify on women and small business. Women have a unique and very important stake in small business, both as owners and as employees. Over the past decade, the number of women in the paid labor force has increased dramatically. Between 1970 and 1983, the female labor force participation rate increased almost 85 percent, so that women now comprise nearly half (43 percent) of the workforce. Projections indicate that the number of women in the workforce will continue to grow. Girls graduating from high school today can expect to spend at least 30 years in the workforce—whether or not they marry or have children. Small business is a very important avenue into the workforce for women because small businesses tend to employ more women than men. As reported in The State of Small Business: A Report of the President (March 1984), "In 1979, small businesses with fewer than 500 workers were more likely to hire young workers (16- to 24-years-old), women, and elderly workers (65 + years-old). "Small businesses," the report concludes, "therefore, are making it easier for women, older, and younger workers to enter or re-enter the work force. . . ."

Paralleling the tremendous increase of women in the workforce has been their influx into the entrepreneurial arena. Women are going into business for themselves at a rate five times greater than men. It is estimated that there are three million women business owners in the country today. Between 1977 and 1980, women-owned businesses increased an astounding 33 percent--three times the increase in male-owned businesses (11 percent). Women's share of all nonfarm sole proprietorships increased from 22.6 to 26.1 percent, while men's share declined from 74.3 to 71.2 percent. In addition, the number of jointly-operated businesses declined from 3.1 to 2.7 percent. By 1980 one employed woman in twelve earned part or all of her livelihood as a sole proprietor, contrasted with one man in six.

These women are just now beginning to be identified. Virtually no data was available on women entrepreneurs prior to 1972. And, many experts contend that the data which currently exists does not reflect the entire picture of female entrepreneurship. However, additional data indicates that the number of women-owned businesses has continued to grow by leaps and bounds since 1980. The number of self-employed women (who usually hire no employees and constitute a large portion of sole proprietorships) increased 10 percent between 1980 and 1982. The number of self-employed men, on the other hand, increased only one percent during the same period. These women entrepreneurs have been coined "the new immigrants." "Just as immigrants have looked to business ownership as a way to increase their economic base and power in our society," says Juanita M. Kreps, Former Secretary of Commerce, "women, too, are beginning to use this track."

It is clear that the American dream of owning and operating one's own

business is shared by women as well as men. Women are beginning to realize that one of the most important roads to achieving economic parity is via entrepreneurship. Charlotte Taylor, prominent consultant on small business issues and former director of President Carter's Task Force on Women Business Owners, writes in her book, Women and the Business Game:

What is causing this revival of the entrepreneurial spirit? Part of it is being fired by the smoldering embers of the women's liberation movement. Many women feel that this movement has reached a new stage--a stage where economic power is becoming an important aspect of personal liberation. Money is power and independence and is necessary to achieve spiritual liberation as well.

If the consciousness raising of the 1960s made us realize that archaic sex stereotyping kept us from attaining our fullest potential, the consciousness raising of the 1970s is making us realize that economic freedom and power are fundamental to achieving equality.

While progress has been made--as is evident by the tremendous increase in the number of women-owned businesses--many problems still exist. Women business owners face some of the same problems that all small business owners face. But, as in every area of American life, women face additional barriers that men do not.

Sex Discrimination And Female Entrepreneurship

Overt as well as subtle sex discrimination is still commonplace in every aspect of American life. As Taylor writes: "The subtle societal conditioning that started the moment the pink blanket was put on us and ended when we were pushed into typing and marriage, rather than business courses, creates a double-edged sword. We doubt our own ability to operate in this environment, and others doubt our ability to be competent in it." Initially sex role-stereotyping, a subtle form of sex discrimination, inhibits many women from choosing the option of business ownership or from choosing the education required for such ownership.

When a woman does overcome the initial bias and chooses entrepreneurship, sex discrimination affects every aspect of her business life: she has difficulty building up capital; she is discriminated against when applying for

loans; she has difficulty obtaining adequate educational and occupational experience; she is penalized because of her sex in health and disability insurance; and she does not receive her share, proportionate to her numbers, of the lucrative business of government procurement.

The myth that women start businesses for pin money because they are bored housewives is still widespread. However, women are struggling to destroy this myth. "We are tired of the myths that have hampered us for generations. . ." says Taylor, "myths that we can't or shouldn't manage money, that we can't balance checkbooks, that we are poor credit risks, and that we are 'hobbyists' rather than serious businesswomen. All these myths continue to hamper us in the business environment."

Continuing discrimination against women in the workforce, and sex stereotyping affect women business owners. For example, we know that mid- and upper-level management positions are the training grounds for entrepreneurship. However, large numbers of capable women are kept out of these positions. A recent article in Fortune (March 1984), "Why Women Aren't Getting to the Top of the Corporate Ladder," revealed that in the ten years since U.S. corporations began hiring more than "token numbers" of women, women have not climbed as far as their male counterparts. One study found that of 300 women executives, nearly half felt that being a woman was "the greatest obstacle to their success." "Why?" the article asked. "At one extreme is the charge of blatant sexism, and at the other is the belief that women are unsuitable for the highest managerial jobs: they lack the necessary assertiveness, they don't know how to get along in top management, or they have children and lose interest in--or time for--their careers. Somewhere in between is a surprisingly large group of men

and women who see "discrimination" as the major problem, but who often can't define precisely what they mean."

Thus, we find that attitudes which stereotype professional women and inhibit their success in business are still widespread. For example, a Seattle conference on Women and Business, to take place in June 1984, included many impressive workshops and speakers. However, to our profound dismay, a workshop on "Menstruation, Menopause, Pregnancy and the Professional Woman" was also included. Reflected in this workshop is the erroneous idea that women's normal biological states are somehow a "problem"—that women are hormonally unbalanced, and therefore have difficulty functioning in a professional environment.

Sex discrimination and stereotypes of women also affect their ability to obtain adequate and affordable insurance—an extremely important requirement for any small business owner. In health insurance, coverage is based on male health standards and needs. Female health needs are viewed as non-standard and coverage for them is either excluded or costs more. For example, maternity coverage may be excluded from a policy while coverage for vasectomies is included. When maternity coverage is available it costs more. Small businesses in general are penalized because they employ more women. One woman business owner related this story: After talking to her employees (nearly all women) and finding out what coverage they wanted, she had an agent find her the best insurance for the best price. What she found out, to her dismay, was that she would have to pay more for less coverage because she employed a mostly female workforce.

Disability insurance is another area where women are penalized solely on

the basis of their sex. Women who work out of their homes are often denied disability coverage, while similarly situated men are insured. And, even when women can get disability coverage, it costs more and the benefits are lower. An informal survey of four companies in the Washington, D.C. area conducted in February, 1983 by BPW/USA found that for a husband and wife (both in their early thirties) starting a business, the rates for the woman were from 17 to 41 percent higher. The dollar differences ranged from \$75 per year more for very limited coverage to over \$500 per year for lifetime coverage. Therefore, women businessowners find that their insurance dollars buy much less solely because of sex discrimination.

The minority woman, too, faces discrimination on the basis of sex, but she also faces discrimination because of her color. As Dorothy E. Brunson, President of Brunson Communications Inc., said when testifying before the House Small Business Committee, "I . . . am a rare breed. A successful black woman in the business arena for over 25 years. My experiences have included offenses to both my race and my sex." While we do not have room in this testimony to cover the additional barriers the minority woman faces in entrepreneurship--we are acutely aware of and sensitive to the double discrimination affecting minority women business owners.

Ironically, sex discrimination often provides the impetus for many women to start their own businesses. In a study examining the backgrounds of nearly 500 women business owners throughout the nation, researchers Robert Hisrich and Candida Brush found that men start businesses to achieve independence and make a fortune, while women start businesses out of frustration in their jobs. "These women frequently were stifled knowing they probably couldn't make it up the

corporate ladder," Hirsch said. In another interview with women business owners, Taylor found, "Although the reasons why (women) started their businesses varied greatly, many indicated that they felt ownership was the only way that they could find an outlet for their creative intelligence, ambition, and drive. They felt that their sex made them outsiders in the traditional business structures and limited their opportunities for achievement."

Taylor cites the example of a former employee in a brokerage firm, Charlotte Cohen, who kept getting passed over for promotion. "They finally admitted that I'd probably never make partner because I was a woman. I was angry. So I decided that if they wouldn't make me a partner, I'd start my own brokerage business," she said. Another woman told Taylor, "you reach the point where you get sick and tired of arguing with people about why they should treat you equally. So, you decide to just go and show them that you are equal."

Taylor sums up the far-reaching effects of sex discrimination and stereotyping thus:

In general, women enter the entrepreneurial game with a handicap. We have been raised outside the mainstream of business and finance and have been steered away from the entrepreneurial playing area. Our traditional position in society has kept us both off the playing field and out of the spectator stands. . . We have been inhibited and sometimes prohibited from taking courses and jobs that would have taught us the skills and enabled us to amass the money and the management track record that are the equipment of an entrepreneurial player.

Education--The Door to Entrepreneurship

Equal educational opportunities, providing women and girls with equal access to and information on career choices not based solely on sex, are essential for economic independence. Education has been called "the door to entrepreneurship." Without the education and management training required to

own and operate a business, the potential entrepreneur has little hope for success. Mathematics, science, and business courses in high school lead to traditional business majors in college and college business courses pave the path to entrepreneurship. A study by Dun and Bradstreet, Inc. found that over 90 percent of business failures were due to management problems. Whether or not MBAs help (and many experts claim they do), women should at least have equal access to them.

In the SBA's brochure, Women Along Business Lines, one counselor, R. Paul Sprague, chairman of the Warwick Group, Inc., said, "I was astonished at the different level of basic business knowledge between the male and female student. . . It was apparent that our education and social standards prepared males but not female for business ownership."

In the study cited earlier by Hisrich and Brush, the authors found that women entrepreneurs were much less scientifically and technically oriented than male entrepreneurs. The reason, they said, "is that most women entrepreneurs (nearly 70 percent of almost 500 surveyed) have liberal-arts backgrounds, and less than 9 percent have engineering and science backgrounds." As Working Woman (September 1983), who reported the study, concluded, "On the negative side. . . women's weaknesses in technical and scientific areas, in innovation, and in financial expertise could prevent them from taking part in the most promising new business areas."

Thus, subtle forms of educational discrimination continue to exist. Women are discouraged from choosing business courses because they do not lead to "women's work." Business is for men and homemaking is for women.

Discrimination of this nature obviously affects women's choices in careers. It affects whether or not a woman will become an entrepreneur and if she does, what type of business she will ultimately own.

One study (American Institute of Research) reported that one-fourth of the women and roughly 15 percent of the men in courses unusual for their sex had been advised against enrolling in such fields. Another 14 percent of the women and 8 percent of the men who entered traditional areas said they had thought about enrolling in nontraditional areas but had rejected the idea after they were discouraged by counselors.

It is essential in this discussion to remember that Title IX of the Education Amendments of 1972 is less than 15 years old, and more importantly, was recently severely restricted by the Supreme Court's Grove City v. Bell decision. In the early seventies women were turned away in much greater numbers than men from most business schools. Quotas were set so that only a limited number of women could attend, while the majority of the seats in business classrooms were reserved for men. In addition, many business schools admitted women only if they had SAT scores 30 or more points higher than entering men.

Since the passage of Title IX, such blatant discrimination is uncommon and gains have been made. The National Advisory Council on Women's Educational Program's Title IX: The Half Full, Half Empty Glass found that "The gains made in degrees awarded to women in customarily male fields between 1972 and 1979 included agriculture: (6% to 27%), business and management (10% to 31%), and law (7% to 40%)." And, "Between 1972 and 1980 there was a 22% increase in the proportion of master's degrees awarded to women. The greatest gains by

women in nontraditional areas from 1972 to 1979 were in agriculture (7% to 20%), architecture (15% to 29%) and business and management (4% to 19%)." On the other hand, the report found that "women remained only a small proportion in the important field of engineering (2% to 6%)." In conclusion, the report said, "Although women made gains in agriculture, architecture, business and management, and engineering, the greatest number of women are still receiving degrees in fields that have traditionally attracted the largest numbers of women, such as education and social sciences."

Thus, attitudinal changes are needed to help women seize the opportunities opened to them by Title IX. But those changes can hardly occur without this legal foundation. Ironically, one of the original recommendations of President Carter's Interagency Task Force on Women Business Owners (1978) was "to make vigorous enforcement of Title IX a priority." The recent gutting of Title IX is a tremendous setback for women entrepreneurs as well as all women.

Unequal educational opportunity is one cause of unequal opportunities in the workforce, which, in turn, lead to segregation of women-owned businesses. This is an important factor. As one expert stated, "The composition of the work force is crucial to the problem, because it is from the work force that entrepreneurs are born."

Occupational Segregation Affects Women-Owned Businesses

Nearly 70 percent of working women are clustered into the lowest-paying occupations--clerical, service, sales, and unskilled factory jobs. "Of the 441 jobs classified by the Census Bureau in 1980," reported the National Advisory

Council on Women's Educational Programs, "only 60 had significant numbers of women; all others were predominantly male."

A recent study entitled "A Woman's Place Is With Other Women: Sex Segregation in Organizations," reported in Working Woman (December 1983), analyzed 20 years of data on 393 California companies. Gathered between 1959 and 1979, the statistics included companies with as few as two employees to those with over 8,000. In addition, the companies in the study represented a wide range of industries, services, and products. The authors, James Baron and William Bielby, measured the amount of sex segregation--defined as the extent to which women and men perform different jobs--in all the companies. Using a scale of zero to 100, with 100 being complete segregation (men and women did not perform the same jobs at any level in the organization), the researchers revealed that more than half of all the companies studied were completely segregated. The median score among the remaining companies was an astounding 84.1, and the 11 largest firms all rated a score 95 or higher. The authors reported that levels of segregation are "so high and widespread" that "it would be virtually impossible to account for them solely on the basis of skill, experience or choice."

In a follow-up study, the researchers discovered that of the few jobs both women and men held, 85 percent were at the bottom of the career ladders in the companies. They also determined that "segregation at the bottom predetermines segregation at the top." For example, they looked at two entry level positions in a manufacturing company. One job category, "assemblers," consisted of 555 females and no men; the other, "production workers," consisted of 243 males and no women. In the female "assembler" category, there were 10 supervisory

positions, while in the male "production worker" category there were 31 supervisory positions--for less workers. Thus, women had significantly fewer opportunities to move up.

Nearly every "how-to" book on business ownership advises the potential entrepreneur to first gain experience in the type of business s/he wishes to own. Thus, segregation in the workforce translates into segregation in business ownership. Women-owned businesses remain concentrated in the traditional retail trade and services areas. While women have made modest gains in other types of businesses such as finance, manufacturing and agriculture, roughly 75 percent of women-owned businesses remain heavily concentrated in the miscellaneous retail and personal service areas.

Women entrepreneurs are still channeled into traditionally female business areas like boutiques, second-hand baby clothing businesses, and home catering operations. Women have, historically, been largely excluded from starting businesses in the more lucrative fields such as automobile repair, landscaping, or computer software. One book, Small Business Ideas For Women--And How To Get Started listed these options for potential women entrepreneurs: "flea market store, part-time florist, specialized crafts shop, operating maid or cleaning service, picture framing, selling sweet-smelling things, operating a tourist home, babysitting registry, home catering business, home cooking school, typing service, paper flower making, and shopping guide publisher." The only chapter outlining a business which appeared nontraditional for women was "Planning for a Small Manufacturing Business." In turning to that chapter, we find that manufacturing for women means, "candles, dried flowers, sea-shelled mirrors." While the book is almost ten years old, it is still found in many bibliographies

directed toward women business owners. It is also a good example of how business options for women have been limited historically--affecting their choices today.

Further, job segregation also means less pay for women and women-owned businesses. The traditional notions that "women's work" is not worth as much as "men's"--whether it is the same or comparable work--is devastating to women. As Megatrends author John Naisbitt says, "Carpenters make more than nurses because women have always been nurses and men have always been carpenters--and men decide." Women, in all occupational categories, make less than men. This inequity is also found in the businesses women own. While women-owned businesses are segregated into traditional areas, partly because of the experiences working women bring with them, even when their businesses are comparable to male-owned businesses, their return is less. The issue of the 80s--equal pay for work of comparable value--is not confined to individuals, but also surrounds women-owned businesses.

The President's Report on the State of Small Business stated, "approximately 72 percent of both the male-operated and female-operated construction firms were special trades contractors. However, 45 percent of the female-operated firms were in painting, paper hanging and decorating, but only 11 percent of the male-operated businesses were engaged in these businesses. Almost 23 percent of the male-operated businesses were in carpentering and flooring, and only 5 percent of the female-operated businesses were in these special trades."

"In the service industries," the report continued, "37 percent of the

female-operated businesses were classified as personal services, while only 11 percent of male-operated businesses fit that category. Less than 1 percent of the female-operated businesses were in automotive repair and services, but 8 percent of the male-operated businesses were in that category. In all of the examples, the average net income of male-operated firms exceeded the female average" (emphasis added).

In 1980, the percent of business receipts of female-operated nonfarm sole proprietorships was a mere 8.9 percent, compared to 89.4 percent for male-operated nonfarm sole proprietorships, yet women-owned businesses constitute roughly one-quarter of all small businesses. The average net income for female-operated nonfarm business in 1980 was \$2,200, while male-operated nonfarm businesses averaged \$7,139.

"These differences in the average net incomes of male- and female-operated businesses raise the question of how and to what extent individual attributes of females in educational attainment and job skills affect their opportunities for business," the Report concludes (emphasis added). But given women's disadvantages in education, employment and business competition, this statement is naive at best. While educational attainment and job skills certainly affect any entrepreneur's opportunities for success in business, sex discrimination is the major factor hampering businesswomen. Women's work—whether it be their own or their work for someone else, whether it is identical or comparable to men's work—is simply not worth as much in the eyes of society. It is outrageous to imply that women's "individual attributes" account for the overwhelming inequities in female- and male-owned businesses.

Capital and Credit

Women and their businesses, as we have seen, make less than men and their businesses. This gap has remained constant for over a decade despite vigorous attempts to narrow it. Such inequities seriously affect the woman entrepreneur's ability to build adequate startup capital to open a business, as well as obtain loans for expansion. A number of factors combine to make women look like poor credit risks. Along with occupational segregation and the accompanying wage discrimination discussed above, other factors negatively affect women's attempts to obtain adequate business financing.

Because of long established and continuing social patterns, women more often interrupt their careers to tend to traditional family matters such as raising children or caring for disabled adults. Also, as pointed out earlier, women are less likely to have the "hands-on" business experience which many lenders look for before granting a business loan. And, because women-owned businesses are clustered in retail and service industries--industries which are less profitable than manufacturing and high tech--lenders are less likely to grant credit.

Financial institutions are generally conservative. They tend to favor large loans to well-established companies over small loans to smaller, newer enterprises. A bank would rather make one \$100,000 loan to a secure, profitable business than ten \$10,000 loans to new small, and less lucrative enterprises--exactly those enterprises which are usually women-owned. Moreover, in a time of economic downturn, or tight money, financial institutions become even more wary of lending to small businesses--a situation which more negatively

affects women.

In The Annual Report to the President (June 1980), the Interagency Committee on Women's Business Enterprise stated, "The most formidable barrier to women's efforts to establish businesses of their own continues to be lack of access to traditional sources of credit and capital. Banks have been slow to perceive women as a profitable target market. Because of their low income status relative to men, credit worthiness is often difficult for women to establish when standard measures such as collateral and income form the basis for judging. The very small size of many women's enterprises both in receipts as well as number of employees hinders their ability to focus on expansion."

Realizing these problems, the Small Business Administration initiated a mini-loan program exclusively for women entrepreneurs in late 1979. The SBA program, designed to assist women whose capital needs for starting or expanding a business were \$20,000 or less, received 150,000 requests for mini-loan information almost immediately. During the first six months of FY 1980, the SBA approved almost 900 loans for \$13.9 million--with roughly half granted to existing women-owned businesses and half to new businesses.

Unfortunately, this successful program was discontinued in the early years of the current administration. Women-owned businesses and women entrepreneurs must once again compete with larger, well-established and usually male-owned businesses for credit from conservative lending institutions.

While all small business owners face difficulty obtaining business loans, sex discrimination and sex-role stereotyping heighten the problem for women.

Many financial institutions and individual lenders still hold discriminatory attitudes toward women seeking business credit--and many practice those attitudes. Despite efforts on the part of women's organizations to educate financial institutions and individual lenders, many continue to be insensitive to the needs of women business owners.

A 1977 Census Bureau Study, Selected Characteristics of Women-Owned Businesses, reported that more than 60 percent of women-owned businesses were financed from the owner's own savings, and over 80 percent were started with no capital or less than \$10,000. Another survey found that almost 70 percent of women-owned firms were capitalized by relatives, friends or the owners themselves; another study revealed that over 30 percent of women who had been turned down for bank credit felt the denial was at least partially due to discrimination.

Authors of Be Your Own Boss: A Woman's Guide to Planning and Running Her Own Business, Barbara S. McCaslin and Patricia P. McNamara interviewed over 300 California women business owners. Their research revealed that "Although almost two-fifths of the women said they had spoken with a banker before starting their businesses, only 33 women said they had received commercial loans from a bank" (33 out of over 300; not 33 percent). All of the women interviewed, according to the authors, encountered discriminatory attitudes, "some more than others." One woman reported, "Women are often discriminated against when they seek loans. It's subtle, applications are scrutinized and evaluated more carefully and conservatively, and they're held up. The whole process tends to take longer." Bankers contend that the high rejection rate of female applicants is due to "poorly prepared loan applications, insufficient business experience and

inadequate knowledge of market conditions," rather than sex discrimination.

For the minority woman, of course, racism worsens the situation. Research conducted by the National Association of Bank Women (NABW) revealed that "Black women entrepreneurs indicated they had experienced what was perceived to be discrimination, or at least a significant lack of receptiveness, in their attempts to seek financing. Several noted that the combination of being female and black meant they had to push significantly longer and harder to achieve their goals." One black woman, owner of a pharmaceutical manufacturing firm, experienced 12 "nos" before she was granted an expansion loan. Based on their research, NABW concluded "Minority women entrepreneurs may, and often do, face a series of challenges in seeking financing that are beyond those that their non-minority counterparts face. More than adequate preparation of a business plan, etc. will be required when minority women seek financing."

Women don't want special opportunities; they want equal opportunities. Lenders must rid themselves of sex-bias and be sensitive to the needs of female entrepreneurs. Commercial lending officer and author of 101 Tips For Women Entrepreneurs, Don Alexander says, "In the final analysis, possibly the deciding factor in many cases resulting in the granting of a loan is what is generally called the banker's 'gut feeling' toward the borrower." If the banker tends to view business as outside the realm of "women's work," his/her "gut feeling" will probably be to turn down the loan to the woman entrepreneur.

One banker told Alexander, "I have to plead guilty of sometimes having a biased feeling toward women loan applicants. On first impression, it is mainly a feeling of apprehension that the lady sitting at my desk probably has not had

prior experience operating a business, is not fully prepared with a well-thought-out business plan, and has not done her homework and research. She probably does not have the necessary capital to get the business off the ground and may take up an excessive amount of my time to present her request." With this amount of pre-determined sex-bias, it is amazing that any women are granted loans. Of course, not all bankers hold such negative attitudes, and even this one relented with, "I am always delighted when I am proven wrong. Come to think of it, this seems to be happening more and more lately."

Obviously a lot of women seeking business credit find that they have to meet higher standards than men in equivalent situations. Many women also feel that they are refused credit simply because of their sex or marital status. Some women, for example, have reported that they have been denied credit because of the credit rating of their former spouses. If a woman thinks she has been discriminated against in commercial lending, however, she has no practical recourse. The Equal Credit Opportunity Act of 1974 (ECOA)—protection which women worked so hard to obtain—generally does not apply to commercial credit transactions.

The ECOA prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, marital status, age, receipt of public assistance, or the exercise of rights under the Consumer Credit Protection Act. While the ECOA does bar sex discrimination in credit dealings, it exempts business credit from many of the law's requirements. For one thing, creditors are allowed to request information concerning the commercial credit applicants' marital status. Secondly, creditors are not required to retain records relating to the commercial credit application unless

the applicant requests retention. And finally, creditors are not required to provide written reasons for denying commercial credit or to automatically disclose an applicant's right to request a statement outlining the reasons credit was denied unless the applicant requests such notice within 30 days of being turned down. It becomes clear upon examination that with the omission of these "procedural" safeguards, the substantive provisions of nondiscrimination in the ECOA are unenforceable in business transactions.

The Federal Reserve Board reviewed and withdrew amendments that would have corrected these problems, citing cost, lack of evidence of discrimination, and a belief that women already know that they must request information. Studies, however, have shown that the costs of developing a notice informing applicants of their right to request the reasons for credit denial would cost only pennies--pennies which could be charged to the applicant. If women already know about their rights under ECOA, providing written notice of this right will not increase the requests for information. But if this is not the case--as many authorities believe--failure to require notification keeps women and other protected persons at the mercy of the lender's "gut feeling."

Government Procurement Opportunities

Another hindrance to the survival and success of women-owned businesses is their virtual exclusion from federal procurement. The federal government is probably the most stable, lucrative customer in America today--buying more than \$100 billion worth of nearly every kind of good and service available each year. Yet, female-operated firms accounted for only four-tenths of one percent of the total award value of Fiscal Year 1982 federal prime contracts over \$10,000

and merely 2.7 percent of the value awarded to all small businesses. It is important to keep in mind that about one-fourth of all small businesses are women-owned.

Women have been nearly locked out of most opportunities in government contracting. Much has been, again, blamed on women themselves--their lack of knowledge and experience, or the type of service or product they are most likely to produce. Bidding for government contracts is a competitive, demanding business which requires adequate working capital, marketing expertise and a thorough knowledge of contracting practices and opportunities. In addition, we are told that women are not involved in the sectors of industry in which government does contracting. An analysis of this situation, however, reveals that discrimination and the absence of strong federal initiatives establishing a greater commitment to women-owned businesses are at the heart of the problem.

Consider the following example: A Washington Star article (September 1980) reported that Karen Hastie Williams, administrator of the Office of Federal Procurement Policy, was told by the head of procurement at the Department of Defense that doing business with women-owned businesses was, essentially, a threat to the nation's security. Robert Trimble, acting deputy undersecretary for acquisition policy and author of the letter wrote, "Providing for the country's defense is our primary mission. . . As indicated above, I have reached the conclusion that the continued imposition of social programs on the procurement process is adversely affecting our ability to fulfill this objective." "Never mind," the Star reported, "that a good 30 percent of Defense's multi-billion dollar procurement budget goes for such things as uniforms, food, laundry and dry-cleaning equipment, liquor, draperies, musical

instruments, textiles, signs and advertising displays, toiletry articles, catering services and the like."

One study, reported in the SBA's Selected Abstracts of Completed Research Studies reported that procurement personnel resist set-asides to small businesses because of a general belief that "social objectives should not be achieved through the procurement process." Yet, experts say that women who operate businesses which are eligible for government contracts are prevented from obtaining the contracts by the general attitude of agency personnel, and that "arbitrariness" is often involved in the granting of government contracts. Several small businesses who were interviewed revealed that "the most important factor limiting bidding on contracts was 'some organizations have an inside track'"--a track women obviously do not have. As one woman said, "women are usually not in these old-boy information networks."

The barriers that now exist for women business owners and potential entrepreneurs will not be eliminated overnight. Probably the most important statement that could be made is one that Margaret Heckler, Secretary of Health and Human Services, made when she testified in hearings on the status of women's business enterprise in 1980: "The burden falls equally on both the public and private sector, but: . . . nothing will happen in the private sector unless the government takes the lead."

As the Washington Star article mentioned above stated, "The bright glow of promise which surrounded the Carter administration's much-heralded women-in-business program has long since faded." It is telling that most of the problems outlined in that administration's report, The Bottom Line: Unequal

Enterprise in America, released in June, 1978 remain.

We are encouraged by recent federal, congressional and political party interest in women entrepreneurs. As Virginia Littlejohn, President of Littlejohn and Johnson, Inc. and President of the Capital Area Chapter of the National Association of Women Business Owners wrote, "This activity by the parties indicates that Washington policymakers are finally becoming aware of the enormous potential contribution of small business to long-term economic recovery, particularly to job creation. The contributions women business owners can make to this effort are substantial."

Recommendations

However, before women have the opportunity to make these contributions, much needs to be done.

- First, reliable data on women-owned businesses must be available. As Littlejohn reported in recent testimony before the House Small Business Committee, "the most recent report. . . draws on essentially the same stale and pitifully inadequate statistics we have had in the last several years concerning the number and gross annual receipts of women-owned firms."

- Equal educational opportunities are essential to women's ability to successfully own and operate businesses. The elimination of sex bias in education holds the key to ending discrimination against women. Every effort Congress can make in this area would be helpful. Included is restoration and vigorous enforcement of Title IX. Further, reauthorization of and increased

funding for the Women's Educational Equity Act would be extremely beneficial. This program has been very effective in eliminating educational inequities, particularly for minority and disabled women. We also recommend reauthorization of the Vocational Education Act, legislation which has helped to implement sex equity for women and girls in vocational education. Outreach programs providing management and technical assistance for women have been extremely also successful--they must be continued and enhanced.

- We strongly encourage that opportunities for women in "nontraditional areas" be expanded so that women can open businesses in all fields--including the most lucrative ones. Occupational segregation must be eliminated so that women can open businesses of their choice and have equal opportunities for higher returns on their investments. Implementation of equal pay for work of comparable value is imperative if women are to be able to start and expand businesses of their own in all fields.

- Equal access to capital and credit is, again, essential. The Equal Credit Opportunity Act of 1974 has done much to eliminate sex discrimination in consumer credit without adversely affecting lending institutions. Why is this protection missing in the very important area of business credit? We think the ECOA provisions should be extended to business credit so that women entrepreneurs have some tool with which to fight discrimination. We also suggest the continuation and strengthening of outreach programs to assist women in expanding their access to capital and credit. The National Association of Bank Women are to be commended for their efforts in this area. In addition, lender sensitivity to the needs of women-owned businesses would obviously be helpful.

- Legislation to eliminate all forms of discrimination in insurance should be enacted.

- Federal procurement opportunities for women must be enhanced. The development of mechanisms and incentives is imperative if women are to partake of their fair share of the lucrative government procurement business. Four-tenths of one percent is a pitiful level of participation when we know that women own at least one-quarter of all small businesses. Numerical goals to dramatically increase the number of women-owned firms qualifying for federal contracts must be established and strictly enforced. We applaud Elizabeth Dole, Secretary of Transportation, for her strong commitment to women entrepreneurs by increasing their opportunities to qualify for contracts under the National Surface Transportation Act. However, women desperately need such leadership and follow-through from more than one policymaker.

Women have for too long been excluded from the full fruits of entrepreneurship because of legal and social barriers. We must vigorously support all efforts to ensure that more capable women can fulfill the American dream of owning their own business. As Rep. Geraldine Ferraro (D-NY) recently stated, "the solution to problems faced by women in business is to watchdog what is happening in Washington and to recognize that one woman's problem is every woman's problem." We would further state that what is every woman's problem is America's problem.

Senator PACKWOOD. On title IX, I'm optimistic that we are going to legislatively reverse the Supreme Court's decision in the *Grove City* case. The bill has come out of the relevant House committee overwhelmingly, and I expect the House to pass it very shortly after we go back into session. The Senate bill has 63 cosponsors—Ted Kennedy and I are the lead cosponsors—but the administration is opposed. I don't know whether they will veto it or not. My hunch is that we would even override the veto, because on this one we are not talking about a money bill. We're going to spend this money, whether or not we spend it as it relates to education. The question is, are you going to spend it fairly or unfairly, but we're not talking about increasing the amount of money that is spent.

Every now and then someone will make a comment that is much more revealing than any policy positions they take. I was talking to one of the highest male advisers to the President—I won't say who it was, but you would recognize the name right away—and I said to him, "Do you know that, on the average, half of all those entering classes in law school are women?" And he said, "Really?" And I said, "Yes." And he said, "What are they going to do?" And I said, "Well, I think they're going to try cases and practice law." But you could almost see—I'm sure he was thinking, "Do you need that much training to be a telephone operator?" That's what must have been going through his mind. And then second, he was thinking, "Practicing law? Well, gee, maybe you can let girls do wills for widows, or something like that—but trying cases, or doing a serious antitrust merger or something like that, would just be beyond their ken."

I'll have some questions for all of you, but I think I will let the other two testify first.

Jean.

STATEMENT OF JEAN TATE, JEAN TATE REAL ESTATE

Ms. TATE. In your letter asking about testimony, you asked a little bit about background and I think I would like to start there because I am very typical of women in my generation.

I had the good experience as a teenager of working in my father's store. He owned the store, and so it was quite easy for me to get a job at that time, and I got some good experience as a retail clerk and as a substitute bookkeeper to kind of learn a little bit about money management which is something that's denied to a lot of women; they don't learn that.

Then I was off for 16 to 17 years, being a wife and mother to children. This is something that most women are expected to do, still today, and I think the one area where Maxine has not touched that I wish to touch on is the area of child care. I think that our system of child care in the United States really needs some overhauling, and it would come into what Maxine talks about as far as more data on women—finding out how many women are working who have small children, what kind of child care there is both for pre-school children and also what kind of after-school care there is. This is a real difficult area because a woman who works has this double bind, this double pull. It's very difficult.

Some men, I am sure, would talk about women doing as I did, taking off 16 or 17 years. My field is a little different than most fields. I, as you know, am in real estate; and in real estate you can start as an older woman, close to 40, and still do all right. But most fields, particularly law—you were mentioning law—you cannot do well if you start at the age of 40. You have to build up a background of experience before you can be a really adequate person in that field.

So I think child care is an area that really needs to be addressed; first, perhaps, with some in-depth study, and then addressed in some way. And the Federal Government is better equipped to address that problem, in my opinion, than we are at the State level. It needs some massive study.

As I say, when I went into real estate—when you start, you are able to build up a business fairly quickly. It's a field that's different than others, so I think the fact that I have been successful goes back partly to that retail clerk experience that I did have as a teenager and partly because women in real estate generally now do well. However, when I started 14 years ago, women were discriminated against. It was very much like Maxine said; you were thought of as a dilettante, and you really had to prove yourself as a serious person in the business before you were accepted.

Bob, you mentioned a little earlier about banks and credit opportunities. I did have a very interesting experience; I was asked, as a token woman—and I'm sure that Maxine has had this experience, too—we who are successful get asked to do something because we're visible, and so we get a few more opportunities than the majority of women who are in an area that's mostly women, dress stores and things like that. There are a lot of them, but women who are in other fields like insurance, real estate, and banking get asked to do things, and I was able to help form a bank here locally.

We had a correspondent bank relationship with a bank who shall remain nameless in the Seattle area and we were allowed to borrow money to buy stock, if we wanted to buy more stock than we could afford out of our pocket. So I turned in a financial statement to borrow money. When the note came back for my signature it had a place for my husband to sign as well as for me. I was angry and then decided, no, I won't get angry until I find out from the other board members who are all males if their wives were being asked to cosign these loans. I placed two or three calls, and not a single wife was being asked to cosign, so I fired back a very angry letter to that bank saying that the financial statement which I had turned in was my financial statement and my assets, as separate from my husband's, and if they would care to send the information back with my signature I would be happy to sign it; but my husband was not going to sign it. I would sign on behalf of the money that I personally was borrowing.

The bank, of course, sent back the information right away. But my guess is that 90 percent of the women out there would acquiesce and say, "I'd better have my husband sign," and I think it's part of the major point that I wish to make this morning, is the education of women, about how to operate in the sector. And that's something that I sensed would be all right, and so I did it. But I think a lot of people will not, and this is where women need to be

educated. That's the thing that I would like to ask your committee to consider.

In Seattle, the University of Washington, in cooperation with the Small Business Administration has for the past 4 years sponsored a fantastic seminar called Women Plus Business. I have attended for two of the four sessions and found it to be very, very valuable, and it is underwritten in part by the Small Business Administration. They have sent someone to observe it, and I think those ought to be done—are you aware of it?

Senator PACKWOOD. I want to ask you a question. At your stage in your career, are these sessions still valuable to you, or are they valuable because of what you learn that's available that you can pass on to other women?

Ms. TATE. Your point is well taken because the value I see in that is primarily for the woman who is starting out which is who we need, in my opinion, to encourage. I got a lot of things about personal financial problems and financial planning, some good feedback as to how to evaluate employees; but that particular seminar is set up in a track system so there is a track for women who are starting business, and there are seminars in that area. There is a track for women who are in corporate life, to talk about how to work ahead, how to work in the power structure because this is something women don't know. When you are in the corporation, how do you work in that corporation? What are the games that you play? How do you get ahead in the corporation? And that was excellent.

They had a track for women who were already in business who needed financial help, and things like that. So it's an excellent program, and I would hope to see it expanded.

Senator PACKWOOD. I'm curious. Is the advice that they give to women on getting ahead in the corporation to act like the men, and get ahead the way men do in corporate life?

Ms. TATE. No, no. In fact, Alice Armstrong did a wonderful thing on power where she talked about a woman who happened to be a large woman physically working for a smaller man, who was her immediate manager. And they went into these sessions, and they would decide ahead of time how they would approach it. When they would go in he would have her do the talking and let her be shot down if they were going to shoot anybody down. And then she would get mad. She went to this guy finally and said, "OK, fella, you do that to me one more time and I'm going to knock you through that wall!"

Well, the women in the audience laughed, and Alice commented, "Don't laugh. You don't know how to play the game." He never said another word to her, but in 3 months she was gone from that job. You don't get ahead.

My advice to women in business—and I do speaking at seminars around in this area a lot—my advice is, you don't want to act like a man. You want to use the fact that you're female, as well as the things that you learn to do in business, to get ahead because I'm sorry to tell you, as a male, that if women ever get their act together, they're going to wipe men off the face of the Earth as far as entrepreneurship because they have abilities that a lot of men don't have as far as being able to be conciliatory, figuring out how

to operate in a world, and they'll do really well. But they need help getting there. Capital formation is a major help, child care is a major help, and this education thing is something that I would really like to see the Small Business Administration do more of. You're speaking at one that's not sponsored by Small Business Administration.

The cost is interesting. It costs \$240 to go to that seminar, the one in—

Senator PACKWOOD. Medford?

Ms. TATE. The one in Medford, right. The one in Seattle that's sponsored by the Small Business Administration in part costs \$85. I'd like to see more of that.

Thank you for your time.

Senator PACKWOOD. Thank you.

Pam.

STATEMENT OF PAM MUSCATO, CHIEF EXECUTIVE OFFICER, FOUR SEASONS ADVERTISING DESIGN

Ms. MUSCATO. I am the chief executive officer of Four Seasons Advertising Design in Corvallis.

A comment that always amuses me, and Bob said it to me when I met him the first time, is "You mean you can support yourself in an advertising agency in Corvallis, OR?" This is a comment that I get an awful lot.

Senator PACKWOOD. It was not directed to you as a woman; it was directed to advertising in Corvallis.

Ms. MUSCATO. It certainly was, yes, but even being a woman as well, in our industry there are very few woman CEO's in the advertising business. And my response to that is, you have to be very inventive. Business is there, as long as you're looking for it.

I'd like to address the idea of loans, my experience of loans in Corvallis. When I first started business I did not seek a loan. First of all, I looked into the Small Business Administration and the length of time in which it took to get a loan from SBA discouraged me incredibly. So I just said OK, and at the time—I started as a graphic designer, and I rented a studio—

Senator PACKWOOD. When was this?

Ms. MUSCATO. Seven years ago. I rented a studio for \$50 a month and I figured if I couldn't make \$50 a month, something was wrong. And that's basically how I started; I capitalized myself solely for almost 3 years.

When I first went to a bank for a loan they weren't too excited about loaning me the money, particularly for the reasons I was asking because I had gotten myself into debt. And when they did give me the loan, they did ask my husband to sign. At that point, unlike yourself, because I was borrowing it and because I was in debt I wasn't going to argue with the banker. A year later I went back to the bank for another loan and was not asked at all for my husband's signature because the banker had seen my success ratio. And just this last year it's more of a situation where I walk into the bank and they say, "Do you need money today?"

So it's taken time, and I would say that developing a relationship with the banker, keeping in touch with him all the time, letting

him know what you're doing, how you're doing it—and also, one thing I learned with bankers is they have a way that they need to do business. They have a game that they play, and you need to learn how to play it. If they know that you're sincere about what you're doing, then they're going to do everything they can to help you, particularly if you're succeeding.

Senator PACKWOOD. Do they think that women are not sincere? To use Jean's words, that they're dilettantes, that they don't need money, that they're in this to play and therefore the banks regard them differently?

Ms. MUSCATO. I think that initially that's what I felt, when I first went for my loan. But since then I think I've learned, it's the way in which women approach it. You know, many women still have not learned to be professional enough in their dealings with business, both in the way they dress, the way they talk. Women were not raised, a lot of times, to go out and be confident about it, "This is where I'm going and this is what I want." You know, they go around saying, "Can I please have this loan?" This does not go over well with the banker. You have to go in with the goal in mind, what it is that you want, and then they will respond to that kind of thing.

Senator PACKWOOD. They will respond, man or woman coming in, if you come in with a very professional attitude and say, "Here's my finance sheet, and here's what I'm going to do, and here's what I've done before," that will break through a barrier rather quickly?

Ms. MUSCATO. Yes. I feel very optimistic as a woman in business. I think that women have so many advantages over men in the business world, and I would agree with your comment that eventually we will wipe men off the face of the Earth.

The next issue I want to address is professional organizations. I've belong to professional organizations such as the chamber of commerce, and I have this last year been President of ZONTA International, and the one thing that I would like to see—and also, I belong to trade and professional organizations, as well—when it comes to women's professional organizations, I think they're really wonderful in terms of the networking that you can do, meeting women that are doing things in your own community, seeing what they are doing. The thing I think is lacking in professional organizations, small professional organizations such as Rotary and ZONTA and things like that is that we should have more organizations that represent both sexes. I see a real trend; we have lots of organizations for all women, lots of organizations for all men and chambers of commerce and things like that are encompassing both. But I think if we had some small organizations that include both people—

Senator PACKWOOD. Like Rotary?

Ms. MUSCATO. Yes, yes. Because we have to work together. We're not going to go out and work separately, all with women and all with men; we have to work together.

Senator PACKWOOD. I'll come back to this because I see Jean—I'm not sure if she's nodding or shaking her head. How much of a disadvantage is it if you are excluded from Rotary, Lions and Kiwanis in a town of the size of Corvallis?

Ms. MUSCATO. A disadvantage?

Senator PACKWOOD. Yes. Is it a disadvantage if you are excluded from the principal male service organizations in a relatively smaller town like Corvallis?

Ms. MUSCATO. Well, I don't say that I would want to be included in Rotary, necessarily. What I'm looking at is, say, an organization that would be developed that would include—not necessarily that women should be included in Rotary, or men should be included in ZONTA—because for instance, in ZONTA this last year, they had an issue on the bill to let men join the club, and it was voted down on an international level.

Senator PACKWOOD. What do you do about it locally?

Ms. MUSCATO. Well, locally, based on the club and how they feel about it, I don't think they'll change it.

Also, another program that I've used a lot is on-the-job training programs. I have hired people through my business on this; what it does, it gives tax credits to me as a business person. It gives a young woman or a young man an opportunity to come into the business and work with a program where they can go back and increase their skills, and things like this. We have recently hired a young lady in our office that probably would not have been able to go out and get a job if she hadn't gone through this program. It feels real good to me, as a business person, to be able to hire young women. This person happens to be between the ages of 16 and 21, I believe; it's a new program.

Another program that they've just recently come up with, and I don't remember the name of the man, but they've come up with a program called a Mentor Program where they are asking for businesses to put high school students into the business for 7 months during the summer, I believe, because—the man who brought this about stated that he hadn't had people around in his business that could look forward, look up to, and so it took him many more years than necessary.

I think that this is another problem with women that's out there. Once you've reached a certain level of success, there are very few women, unless you go statewide, national, that there are to look up to. Particularly in a town the size of Corvallis. You get to the point you feel like you need to move on because there's not the support there that you need.

Senator PACKWOOD. Let me ask you about professional organizations, because you're talking about two or three kinds. You're talking about Maxine's and the Business and Professional Woman versus Rotary, which really is not, in essence, a professional business organization—well, it is and it isn't. It is both, but it is not a trade association. Now, having said once that I'm amazed that you can make an advertising or any kind of graphics business go, man or woman, in Corvallis, I'll be careful how I phrase this. Is there an advertising trade association chapter in Corvallis?

Ms. MUSCATO. No. Portland would be the closest.

Senator PACKWOOD. OK. So to that extent you can get no nurture from any kind of trade association?

Ms. MUSCATO. That's right. I go to Portland or Eugene.

Senator PACKWOOD. OK.

Maxine, what does your group do in terms of helping sponsor conferences like the Small Business Administration conference or others?

Ms. HAYS. Well, they actually work within the State, so each State works—sometimes in conjunction with the Small Business Administration. Some of the other organizations that are more issue-oriented, I guess, for women business owners are taking over some of those tasks now, and I would like to comment to Jean that the private initiative conferences are spreading throughout the States and there will be one in Portland the last weekend in October—

Senator PACKWOOD. The 25th and 27th, as I recall.

Ms. HAYS. I don't know that any men have attended. It's for women business owners, and it is sponsored—

Senator PACKWOOD. By the Small Business Administration.

Ms. HAYS [continuing]. By the Small Business Administration.

Senator PACKWOOD. I think they've got 26 around the Nation this year, and they've had, what, 7 or 9? And the one in Portland, I think, will be very well attended based upon what I've seen of the others.

Ms. HAYS. They've been drawing good, large attendance.

Senator PACKWOOD. Now, Jean, going back to your background, before you went into the real estate business you clerked in your father's store. What kind of a store was it?

Ms. TATE. Furniture.

Senator PACKWOOD. Furniture? All right. Then you raised children for roughly 16 years. Did you know much about real estate when you went into it?

Ms. TATE. No.

Senator PACKWOOD. Nothing?

Ms. TATE. Well, my husband and I built houses for us to live in, so I knew—

Senator PACKWOOD. I remember that. You built them to sell them as I recall, didn't you?

Ms. TATE. No, no, built them to live in ourselves.

I've got to interrupt, though. I've got to talk about Rotary. There is a subtleness in men's organizations, and Rotary and Kiwanis and Lions have been men's organizations for years and years and years. Their international charter forbids them to allow women, so they can successfully keep us out if they want to stay as an organization. In the international conventions, the United States always votes to include women; but the Third World countries and other countries where the women are kept in the house, barefoot and pregnant, they're never going to let women in, as an international thing. There is a fantastic amount of informal networking that we are cut out of. When you see someone every week at a Rotary Club meeting you get to know them. You trust them because they're in your organization, and there's automatically an "in." We who are women, who are not allowed that kind of contact—it's subtle, but it's cut out.

I don't think the Federal Government can do anything about it, and I'm not going to recommend that you ban Rotary.

Senator PACKWOOD. Have you noticed the lawsuits that are wending their way up to the Supreme Court involving the Jaycees

or other organizations which are private? The law and the Constitution probably allow private organizations to discriminate if they're purely private. That's beyond the reach of the Constitution. But whether or not an employer can take tax deductions for dues or things of that nature is another matter, because that is a Federal matter; and those are the kinds of cases that are going to be wending their way up, I think.

Ms. TATE. I don't think it will hurt. The tax deduction for Rotary dues is not significant enough to really cause anybody a problem.

Senator PACKWOOD. In Maryland they have a law, the Green Space Law, that allows country clubs to get a reduction in their property taxes if they keep it green; and it's nice to look over a green space instead of a development, although in your business maybe you'd rather look over a development—

Ms. TATE. No, no, I like the green space.

Senator PACKWOOD. There's one in particular, close to where we live, Burning Tree Country Club that allows no women members. In fact, it is absolutely iron-clad; no women members, no spouses are allowed to play on the course. No women employees, no New Year's Eve parties, no nothing. They allege that the last time a woman was there was when her plane landed on the green 16 or 17 years ago and they politely escorted her off and paid to remove her plane at no expense to her, and that's the last woman who has been there. They are about to lose their tax exemption this year. In Maryland, the legislature has passed a law to revoke tax benefits for certain clubs that discriminate. Burning Tree is prepared to go ahead and lose it. It's about \$160,000 or \$170,000 a year and they're prepared to absorb the cost of it rather than change their rules.

Ms. HAYS. I think that's their prerogative, if they want to do that.

Ms. TATE. The Eugene Country Club has men only members but the first woman is being sponsored. It will be interesting to see if she is accepted.

Senator PACKWOOD. Is that you?

Ms. TATE. No. I'm not a golfer so I'm not willing to spend the money to join.

Senator PACKWOOD. Pam, what was your background in terms of management or any kind of business experience before you started your business?

Ms. MUSCATO. I really didn't have any formal training in management or running a business. I was trained as a teacher. I taught art and home economics, and taught for probably 4 or 5 years. I did a lot of free-lance work; I was a secretary, a waitress, various different things like that.

I think that one of the things that made a big difference in my life is that I have two parents who are very strongly goal-oriented, and I think that after I was through just knocking around, seeing what I wanted to do, I really just made up my mind that I wanted to go after something and do it. So I took no formal training.

Ms. TATE. I share your background as a teacher, and I think that teachers have an advantage. We're trained to be assertive, and that helps.

Senator PACKWOOD. This is interesting. You both said this, and Maxine nodded when you were saying it. This assertiveness is ap-

parently important. Is this a masculine trait, that when men go in to borrow money from the bank we sit down and say, "Joe, let me tell you what I'm going to do, and take my word for it, I can make it go"? And that is not natural to women, normally?

Ms. MUSCATO. Definitely.

Ms. TATE. We can be our own worst enemies, and that's something that we need to learn as women.

Ms. MUSCATO. Women are too quick to apologize for themselves. Senator PACKWOOD. That is something that we cannot rectify.

Ms. TATE. No. We have to do that on our own. You help us in these other areas.

Senator PACKWOOD. You know, one thing that has not changed—I've been in politics long enough, and Jean was one of my early, early, early supporters—I've seen public opinion change on issues from time to time. I've seen Oregon go pro and con on capital punishment over 20 years. But the one thing that is not going to change, I think, is women going into the marketplace. That is, we're not going to step backward from that. And this means that until you have an extraordinary change in the whole philosophy of how children are raised in this country, day care is going to be a very, very major issue.

Ms. TATE. And your party better recognize that. It's my party too; I should say, our party.

Senator PACKWOOD. I know, I know.

Ms. HAYS. I'd like, if I may, just to tag onto that. I had anticipated not going into business until our children were in school, and an opportunity came along when our youngest one was only 2, and handicapped somewhat, and there were no child care facilities, really, and I felt uncomfortable leaving him so I took him to work with me. That's not the usual thing to do, nor is it apparent that many women can do that, but we had the facilities. But if I had to make a choice, I'm not sure which I would have chosen at that time. I might have stayed home for 2 or 3 more years, but I think that's a very important factor as Jean said, that has to be addressed. I think it would only be for the benefit of the employer that his or her employees will be much better off if they have child care facilities.

Senator PACKWOOD. Let me ask you all a last question. Are you running across more women in the financial industry or in a position to make major decisions on loans?

Ms. TATE. I'm on a bank board. Women loan officers—and again, I think it's part of this whole assertiveness thing—they're trained as tellers, so they go into operations rather than training in the loan side. They really need to do it. They need to push. Women-owned banks still won't make it in this State; they may in other States, but it's tough. I've seen them try to start one here.

Ms. MUSCATO. I would agree. I don't see that many women.

Senator PACKWOOD. Thank you very much. It was a most illuminating panel.

Let's move on now to Catherine Mater and Karen Rolls. Catherine, why don't you go first.

**STATEMENT OF CATHERINE MATER, MATER-ENGINEERING,
LIMITED**

Ms. MATER. Senator, I appreciate being invited to share some thoughts with you this morning on women in business.

Just a little bit of background on myself. I am Catherine Mater, and I'm vice-president of Mater-Engineering, Corvallis, OR. We are the only women owned and operated consulting engineering firm in the State of Oregon. We have been in business for 35 continuous years, and we provide consulting engineering services for clients all over the world.

Senator PACKWOOD. I concede from personal experience that both your mother-in-law and father-in-law—and of course, I know them both well—in terms of assertiveness, your mother-in-law is not one who needs any training.

Ms. MATER. No, no, no. But the interesting thing to note is that while she is being assertive, nobody else would know it. She has a very professional style about getting the job done and done well.

Senator PACKWOOD. She's a fine lady.

Ms. MATER. She really is.

I'm going to be perhaps sharing some thoughts on a little different plane in terms of my experience in engineering, and it's probably going to be different from any other comments that you're going to hear because my comments are going to be much more positive.

Engineering right now constitutes, as far as women being in the field, we only share about 4 percent of the total work force. So we are a very small percentage, and even less so in my particular field of construction engineering management. Yet I am pleased to report that the status of women in business, particularly in the science and technical field, in my opinion, is outstanding. The opportunities simply are limitless for women who are willing to take the discipline to get the technical background in their academic environments.

I see women all the time entering the technical fields that are brilliant, capable, and articulate women. They are assertive, and they are certainly making significant inroads—not only in the research and development end, but quite frankly, in the management end. In looking at the income levels, unlike, perhaps, in other professions, you're looking at starting salaries for women engineers, coming out with no experience or little experience at all with bachelor's degrees, ranging anywhere from \$24,000 to \$30,000 a year. And if you'd like to locate in Alaska, I think you can get up to \$36,000 a year. It depends on where you're going to be.

I had the opportunity of speaking across the United States to major engineering corporations as well as the major engineering academic institutions, and I've met many, many women in the fields of science and technology and can feel very confident in telling you that in terms of their abilities to get into business and to do well in business, they are doing tremendously well in their field.

Senator PACKWOOD. Let me interrupt you, if you don't mind. Do you feel confident that you could open—you, yourself, at your age—your own engineering consulting business; and if you needed to borrow money you could go to the bank, and with the record

you've now got, let's say, you could open up and you'd have no trouble getting credit?

Ms. MATER. I absolutely believe that's correct. But again, it's contingent upon a professional approach. In fact, I'm working with a young woman who's a mechanical engineer in the city of Seattle right now who has opened up her own mechanical engineering firm, and she's going great guns. She has immediate access into a lot of the projects that are going on up there. Again, it's because of her professional style and professional mannerism. That may not be true across the United States; but with the women whom I'm running into who are starting their businesses—and it's a very small percentage in the science and technical fields who are starting their own businesses, versus those who go to work for major corporations, granted—but nonetheless, those women who are taking that extra effort are being very successful in their endeavors so far.

Senator PACKWOOD. Now, again, I'd like to interrupt you. Were those you talked to across the country who are going to work for major firms, rather than trying to find their own—they are by and large encountering no discrimination in the businesses?

Ms. MATER. No more so than the males would experience, in my opinion.

Senator PACKWOOD. What do you mean by that? No more than the males?

Ms. MATER. Yes. I think that in any profession that you go into, there are problems encountered by both male and female. And I think—at least it's been my experience in talking to these women engineers—they feel themselves on an equivalent level with their male counterparts. I think that they see their efforts being the same in terms of their workload, in terms of their salary computation, in terms of their professional credibility with their executives, with the corporate levels, and the only place I see a discrimination would be in the fields that we're in where we, as professional engineers, go out into a public environment. The public still has a very difficult time, I think, accepting women engineers giving technical information before city councils, before planning commissions, et cetera. That's the only area that I think is very difficult for women to still maintain an equal level of credibility in.

Senator PACKWOOD. Is there a possibility, in the field of engineering, that women are better prepared for this simply because they go to engineering schools and they take the courses that men do and they are stuck with the same teachers, for better or worse, and the same problems for better or worse, whereas many women may go into business from a whole variety of disparate backgrounds? But if you go into engineering, you're going from a common background of, at least, education?

Ms. MATER. I think that is very, very true. Combined with that, engineering teaches you a level of discipline and problem solving by way of entering into an approach to problems that perhaps is a little different. I can speak from both ends because my undergraduate degree happened to be in political science, and my master's degree happens to be in engineering. And I can tell you with absolute assurance, there is a different style and a different approach to study habits, to discipline, to preparation for dealing with the

problems that you're going to be encountering when you leave that academic environment. So I think your assessment is quite correct.

I do want to focus in on the problem that Jean and Maxine and Pam all referenced, particularly Jean Tate's comments on child care. I think, even though I see the assets and the abilities for women in engineering very, very well in terms of how they do it, that happens still to be the prevalent and overriding problem that women in the engineering and science and technical fields encounter. And it certainly applies, as you can see, to all fields.

I think that when you look at adequate child care, you need to view it in two postures. I think you need to view it in a corporate level posture, and then in a community level posture. And both of those postures apply to the field of women entering into engineering, science and technology. From a corporate level, Maxine referenced in her talk—I think she said she took her young son to work with her, very similar to what we do at Mater-Engineering. My husband and I have a 3½-year-old son and a 9-month-old son, and we bring our boys to the office every day in the morning and then take them to sitters in the afternoon. Now, I can tell you from doing that for almost 4 years now, it is not something that if I were in charge of Hewlett-Packard, for example, that I would ever recommend on a corporate policy level. It's simply not practical, nor is it profitable.

Senator PACKWOOD. You mean in a large corporation——

Ms. MATER. Oh, absolutely.

Senator PACKWOOD [continuing]. That has a massive day care facility?

Ms. MATER. No, to have it within the immediate working environment.

Senator PACKWOOD. That's what I mean.

Ms. MATER. Right.

Senator PACKWOOD. When you say immediate working environment, you mean in the office?

Ms. MATER. In the office.

Senator PACKWOOD. You don't mean the day care facility 100 yards away?

Ms. MATER. No.

Senator PACKWOOD. You mean in the office?

Ms. MATER. I mean in the office, which is what we have right now. We have to make extra compensation for having our sons in that environment, regardless of whether it means working in the evenings or working on weekends or making that extra-special effort and energy, which we are willing to do. But I only think that can be applicable in terms of businesses that you own. It just doesn't make sense to be able to place that mandate on corporations and businesses that aren't in the same criteria that we're at. However, to go on with your level of thinking, I'm convinced—absolutely convinced—that corporate levels do need to look at situations whereby they look at day care facilities as part of their corporate endeavors. I think that in a most all cases the women that I talked to who are engineers and mothers at the same time, they're already paying significant amounts of money for day care and child care throughout the year, and I think they would be willing—and have, frankly, the financial capability of making corporate day care

facilities not only self-liquidating, but in many cases, profitable if they so chose.

I see that for two reasons. First, I think that women in engineering, as well as women in all fields, have a high belief that quality day care encompasses basically four key factors. Adequate affection certainly is one. Developmental challenge would be a second area. Good nutrition is a third, and the fourth area would be parental involvement. It's that fourth area that I see as being a real area that's lacking right now in terms of people who are professionals and working in the engineering and academic environments.

From a corporate level, I think you need to visit your children on lunch hours; having immediate access to your children in case of problems can do nothing but help the corporation out in terms of providing better job satisfaction, which has to equal better loyalty to the company and better productivity levels all the way around.

Certainly, from a reliability standpoint it's very, very difficult to have reliability with child care that is outside of the corporate environment. You would have heavy turnover rates with people who are taking care of your children on the outside environment. In some cases, you've got turnover rates between the academic year and the summer time periods where you have to look for new child care help, and I think it's interesting to note that corporate decisionmakers feel very apprehensive—and I know this from talking to a lot of corporate level people—they are very apprehensive about looking at the problem of child care facilities, and even more apprehensive about helping to provide solutions to the problem.

What I really see, frankly, is a glaring lack of incentives for businesses to deal with adequate child care problems. I really focus in on the word "incentives" versus Government mandates. This may be a different attitude than you have experienced from other women who may be talking to you. From my position and the women that I've talked to, we are very apprehensive about Government interfering on a mandate level rather than on an incentive level. It makes it very difficult for us to go into a corporate environment and have a mandate coming down from Government, and still have our corporate bosses and corporate executives look at us on an equality level. In essence, it makes it a win-lose situation which is not what we're looking for. What we're really looking for are incentives that Government can provide the corporate levels that will encourage them to look at problem-solving in this area that provides a professional and profitable solution to the company.

In doing so I may, if I would, suggest perhaps a four-step incentive activity plan that you might give consideration to.

First, and this certainly has been referenced in prior testimony, I do think that we need to obtain updated information on topics such as corporate attitudes toward corporate babies, if you will. I think we need to examine why corporations are real apprehensive about looking at this problem. We need to find out what their levels of concern are; we need to find out what the levels of employee concerns are. I know, at least from my experience in working at research, it's that very little effort has been made in this area of finding out why there is such a lack in this area.

The second step would be to examine incentives for businesses that encourage facility siting analysis, not only for the normal

things that as an engineer you look for—cost of utilities, adequate transportation, geotechnical considerations—but I think, also include an analysis for the potential for either corporate or privately owned day care facilities in close proximity to the business environment, or incorporated within the total development scheme.

Third, I would suggest providing some funding assistance to organizations such as the Society of Women Engineers, or to Women in Science and Mathematics, to help develop pro forma statements for corporate day care facilities so that when you go into a situation—and these are statements that can be utilized on a nationwide basis—you can take a look at the profit and loss statement to any given facility and apply your own relevant cost factors for the specific area. But take it to the corporate levels and be able to talk to them on their terms in terms of profit and loss, how this part of the organization is going to work and why it's going to be beneficial to the community on a cost basis.

And then fourth, I think from the community level, I would suggest that perhaps we give some consideration to establishing incentive programs to assist local communities in establishing better day care information and day care services. I think these programs can provide a valuable partnership to other existing Federal programs, such as the programs that are established through the Job Training Partnership Act.

Above all again, I have to stress that the key word in this case is incentive, and not mandate. So while I think the overall state of the art is excellent for the women in science and engineering fields, adequate day care continues to be really an urgent and pressing problem, and we're all looking for some solutions that will work for all of us.

Senator PACKWOOD. Let me ask you a couple of questions. I preface it by saying that most of the day care incentives that are in the Tax Code now were my amendments, and I've been putting them in gradually from about 1974 onward. We've had a fair amount of testimony, and I was struck by a large corporation—I can't remember if it was 3M—that had large facilities where they had several thousand employees. They had tried a day care center and given it a good run. It was mostly women who were using it, because women still get the burden of the children mostly, if there's separation. What they discovered is that the women preferred, if they had an option, to leave the children with a neighborhood day care center closer to where they lived than to bring their children to work and take them home in the afternoon. Their arguments were that, one, they would just as soon have the children with kids whom they are going to play with on weekends, or whom they're going to be familiar with in their neighborhood; two, in one area where they were located there was a strong religious involvement, and the women preferred to leave their children at day care centers run by the church rather than bring them to work.

That's from one company, a large company, that had the experience. They had continued to keep their day care center; it just was not overwhelmingly used.

Ms. MATER. I guess I would ask a couple of questions in relationship to that. Can you tell me what kind of a day care facility it was? Was it a top quality day care center?

Senator PACKWOOD. I can't remember. It was a top quality company, but I cannot remember the day care center.

But I'll tell you what happened as a result of that. One of the provisions that was put into the law several years ago has not been overwhelmingly used yet because of the downturn in the economy; fringe benefits are not a big item in terms of bargaining now—if anything, unions are giving them up now rather than asking for them. We changed the law to allow employers to pay for the cost of day care and made it not taxable as income to the employee, identical to health benefits, on the theory that it makes no difference to the employer whether the employer pays \$100 in wages or \$100 in day care benefits. It's a tax deduction either way. But for the employee, \$100 in wages is taxable and \$100 in day care benefits isn't.

I had hoped to see, in the union areas especially, a lot of contracts negotiated where the employer would say, "OK, Sally, Diane, I'll pay \$75 a month to B'nai B'rith or to the Catholic Youth Organization or to the Presbyterian Church and you leave your kids there, and I'll pay." Although this has been in the law 6 years now, this has not come to fruition. My hunch is it's going to once the economy straightens itself out, and that day care will become a major benefit when people realize it's not taxable.

Ms. MATER. I think that's very true, and certainly one of the aspects that I was considering in trying to prepare some comments for today's remarks.

In answer to your question, in terms of accessibility and neighborhood programs, I find that not to be the case with the women engineers that I talk to. You're dealing with companies—and again, this may be specific to women who are in the technical and science fields—but you're looking at corporations that, by and large, utilize a great deal of flextime. The women have to have a lot of ability to have immediate access to their company. I think that, in a lot of cases—and this is certainly true, even in a little community like Corvallis—I have a difficult time just getting back and forth to pick my kids up from the baby sitting services in the afternoon, if I'm running overtime with a client in the afternoon. So I think that immediate access, onsite, is something that they really not only are looking for, but are willing to pay for.

Senator PACKWOOD. Karen.

STATEMENT OF KAREN ROLLS, PRESIDENT, RIVERSIDE EQUIPMENT SERVICES

Ms. ROLLS. Well, there certainly have been an awful lot of interesting comments this morning. I've learned a lot from just sitting here and listening.

I am with Riverside Equipment Services. I'm the founder and the president of Riverside Equipment Services. We are a container service and off-dock CY.

Senator PACKWOOD. Off-dock what?

Ms. ROLLS. CY yard, container yard. We handle empty containers, we handle loads. We repair equipment.

A lot of people often ask me, what is a container? Their first thoughts are that we are a cottage cheese container or a container such as that, but these are oceangoing containers. I've been in the

business 2½ years. I started out in sales and progressed to the point where I was able to start up a yard for another person approximately a year and a half ago, and when I left there I decided that I'd like to try it myself.

There have been a lot of hardships. The most direct thing that I've been hit with is, can I do it? I've had a lot to learn and it's taken me the 3 years that I've put into it to learn all of it. It's hard work because it is a very male-oriented type of business. Getting over onto T-6, for instance, or going into another yard to bid, they automatically are expecting to see a man walk in versus seeing a female walk in. It's very interesting the way that they look at you, like, "Do you really think you should be here?" And I do think I should be, because I've spent a lot of time making sure that I could answer the questions that I was asked.

Senator PACKWOOD. Is a lot of your work bid work?

Ms. ROLLS. No. Actually, now it's not. When I started out, yes, that's actually how we started out was getting in and doing some bid work—

Senator PACKWOOD. But your reputation is such now that they'll accept you on that basis?

Ms. ROLLS. Right. Well, when I opened the doors, I opened with Showa Maritime, Hapag-Lloyd, in the refrigeration department, and with Pad Lines, who is general steamships. So I'm already established. I'm just in a growth period now. I still do a lot of outside bidding, mainly so that I can bring new business in. That's the way to get in the door.

Senator PACKWOOD. Who are bidding? Is there much sex discrimination in bidding, or is a bid a bid? Will an intelligent male entrepreneur, receiving a low bid from a woman say—assuming that you're at all credible, that you can do the business—he'll say, "That's it, you can have it?"

Ms. ROLLS. To begin with, I would question whether I could do it, yes. Now, no, I'm not questioned. But, again, that goes back to proving myself. I had to have the—I had to want to do this, to say OK, I am qualified, writing it, putting it in front of them, and bidding competitively. And if I was competitive enough—to get a bid to begin with, you have to be under what your competitor is bidding, and then I got the work. But that's not the only thing that goes with it. You have to deal with them for specifications for their work and make sure that the work is done properly or you're not going to get the job again anyway.

So, basically, I think the main problem I ran into, again, is money. It's the main problem that everybody has.

Senator PACKWOOD. Money? Credit?

Ms. ROLLS. Money, credit, yes.

Senator PACKWOOD. Now, is it because you are a woman, or is it because you are in an association that is heavily male I assume, in this particular business?

Ms. ROLLS. I think a combination of both. New business, to begin with. When I went to the bank and told them what I wanted to do, the first thing I was asked, of course, was what kind of experience. Well, I had had 2½ years at that point, but that wasn't enough. I got told virtually that I probably would be better off taking a personal loan versus a business loan because I had nothing, really, to

back it up at the time. So we got creative, and I was able to start the business out and it was on very little money.

Now, at this point I have applied for a line of credit. I am waiting to see what will become of that, but at that, I still had to go through an awful lot of redtape and paperwork, and I still don't know if I'll get it. But again, it goes back to how bad you want something. I wanted it bad enough to where I was able to put it together on very little, and it will work. I have no doubt about it. And, of course, I've had a lot of customer backing which has been very supportive for me. Without that, I couldn't have made it anyway.

Another problem that I ran into was insurance, being in the field of business that I am in. Insurance companies don't know what it is. I have explained time and time again; we have certain things that we—

Senator PACKWOOD. This is not just because of you being a woman, then?

Ms. ROLLS. No, this is just the type of business I am. It wouldn't matter.

Senator PACKWOOD. Aren't there other businesses like yours around?

Ms. ROLLS. Yes, there are. There are about three or four others.

Senator PACKWOOD. And the insurance companies are not familiar with them, either?

Ms. ROLLS. That's what I'm going back and telling them, is that I am not unique in what I'm doing. I am the only female that has opened one in Portland, but uniqueness, our business is still the same.

Where I'm running into the most problem is with my refrigeration units. Nobody wants to take that responsibility on, and at this point I still do not have that. I am still fighting with them as to wanting to give me that policy without charging me \$10,000 a year just to be able to bring refrigeration into my yard.

Senator PACKWOOD. Well, this really does surprise me because I think there ought to be some sharp insurance person out there on the other side thinking—they meet you and they think, "Nobody knows this business; nobody is writing this," and then they discover it's not being written for men, either. I would think it would be a natural for somebody on the other side to make—

Ms. ROLLS. And you know, I went through a very large brokerage company, too, and they were able to give me the insurance that goes with the interchange agreement that I have to provide to the steamship companies, but not this particular aspect of it. And I'm still waiting. I've been working on insurance for 2½ months and I still do not—

Senator PACKWOOD. You can't go ahead without insurance, can you? You can't run that risk?

Ms. ROLLS. No. No, I can't. And really, I guess, on the personal aspect of what I've run into, more than anything is when, let's say, a male comes into the office and it's something that I've called on, like electricity—we're wiring for our refrigeration units right now in our yard—they come in and the first question to me is, "Who is the manager? Who is the owner?" And I say, "I can help you," and they look right through me, like, "You can't help me; you're not

capable." And in one instance, an electrician was working with me and my refrigeration mechanic and we went out and walked through our whole yard and explained to him exactly what we needed. He turned to the mechanic and he said, "Well, I'll get back with you." And I looked at him and I thought, well, I'll let this one pass at this point, because he forgot who was going to pay his bill. So a couple of days went by and we got into a conflict with PG&E as far as exactly what we needed, and the guy called me back and then he called the refrigeration mechanic back, and then he finally called me up and he was really disgusted with me, and he said, "Well, who am I actually supposed to talk to about this?" And I said, "Well, you're supposed to talk to me because I'm the one making the decision." And he said, "Oh!" It was just like all of a sudden a light opened, you know, and here it is, and he said, "Well, then, I guess I'd better deal with you, huh?" And I thought, "Yeah, you'd better."

And, you know, men sometimes don't want to face the fact that women are capable. We are capable. We have a lot to learn, but we're not any different than men. We have the ability. And there's been an awfully lot of good points, like day care and the various—like the shipping clubs, the clubs that you can be in—and I'll tell you, this is where a lot of my information and a lot of my connections have come from, is through that.

Senator PACKWOOD. I'm curious about something. Let's get back to this insurance which is obviously a problem for your entire association, male or female, in certain areas. Even the trade association can do nothing or is unable to interest some insurance company in this kind of coverage. I'm thinking back to the doctors when they had a problem with malpractice insurance, and boy, the medical associations were up to their necks in trying to help all of their members with that problem.

Ms. ROLLS. Well, my next step was to possibly call the commissioner, the insurance commissioner, and see if possibly they could give me a lead as to where I should go, because I have called three or four different places and I get several things, like—one wanted to give me a revolving on how much equipment ran through the yard monthly. Well, to begin with, he wanted \$4,000 down and I told him, "I'm not going to pay you that. That is ridiculous, that I should have to put that down to even start the program."

Another one, which I am dealing with right now, they were willing to give me the insurance without the refrigeration coverage but for a set amount and then a monthly payment, but they still would not cover an aspect of what I needed.

Senator PACKWOOD. Let me make you an offer. If you have any further problems, I have a very close, longstanding friend in the insurance business who, I think if I were to talk with him, might be willing to help you. If nothing breaks within a reasonable period of time, if you would just get in touch with me and I will put you in touch with him and I think we can work something out.

Ms. ROLLS. I would greatly appreciate that because that has a very definite priority in what I'm doing. We have to show proof of insurance to these people because—

Senator PACKWOOD. I see your headquarters is in Portland, anyway.

Ms. ROLLS. Right.

Senator PACKWOOD. If you would call Elaine Franklin, who manages my office in Portland and have her just get in touch with me right away, it will even save you the cost of a long-distance call, and I will checks into it.

Ms. ROLLS. OK.

My other thought, in the type of industry that I've gotten into, as far as the shipping industry, really, I'm willing to put out the time and whatever it takes to make my business succeed in what I'm doing. If I had either a question or a thought that I would ask of you, it would be this. For my industry to survive, I need more international trade in Portland, and that is where I feel our weak point is. Off-dock CY's are becoming real prevalent in Portland. They're growing, mainly because of the cost of going into the ports. They can't afford to stay there. I'm going to be around 5 years from now, but you could certainly help me if you could bring more trade and more traffic into Portland.

Senator PACKWOOD. I'm trying to, and what I'm facing on the other side is growing protectionism. We had hearings on the Domestic Content bill yesterday in Portland, and what I'm running across is union after union and industry after industry that is—"Aw, we can't compete in this world. Let's put up the barriers and we'll keep our market here and they can keep their market there and we'll all be healthier."

Ms. ROLLS. True.

[Subsequent information was received and follows:]

To clarify my "true statement," I would like to explain how I meant that otherwise, all of my points sound like they contradict each other. I was agreeing with Senator Packwood about the problems that are occurring with International Trade. Unfortunately, I left that statement too vague. I would appreciate it if you could possibly make that clearer.

Thank you,

KAREN D. ROLLS.

Senator PACKWOOD. It is certainly not true in Oregon. I mean, this State is heavily dependent on trade—exports and imports. If this country gets into a protectionist war, I think it's bad for the country. I know it's bad for Oregon.

Ms. ROLLS. And that's my concern, because without the vessels calling Portland, our industry could die here. This concerns me, because I would like to be a large corporation someday, and that's what I'm striving for. Without the international trade and the import, I can't have it.

Senator PACKWOOD. You don't want to have to move to San Pedro to do it.

Ms. ROLLS. That's right, and I'd hate to have to change what I'm doing right now.

I appreciate the time, and thank you for hearing what I have to say today.

Senator PACKWOOD. You're both dynamite. So far, this has been an extraordinary morning. I've conducted hundreds of hearings, but this is one of the most informative and exciting ones I've run across. Thank you very much; I appreciate it.

[The prepared statement of Ms. Rolls follows:]

STATEMENT OF KAREN ROLLS, PRESIDENT, RIVERSIDE EQUIPMENT SERVICES

I am Karen Rolls, founder, president, and a major stockholder of Riverside Equipment Service, Inc. Riverside was formed after working for two other container companies. I started in the container business 3 years ago as a salesperson and progressed to starting a yard from the ground up for another company. When I left the last place of employment, I was very undecided as to what direction I wanted to go. The responsibility and liability of container yard are great, along with satisfying your customers. Service is actually all I am selling and it is very important to have the right people involved to protect what we are. That is how my partner, Sam Johnson, got involved. Sam worked for me as yard manager prior to Riverside's existence. I had the ability to sell and do administrative work, although I can do anything in my yard but weld. Sam had the ability to do our work up to the customers satisfaction. This combination is very important for us to succeed and achieve our goals.

The main reason Riverside came to be was because of the wonderful support of the people who backed me from the steamship companies. Our doors opened with Showa Maritime, U.S.A. and Pad Lines/General Steamship. We are three and a half months old and have recently acquired the refrigeration work for Hapag Lloyd. I feel very confident about our future.

Riverside is a container and chassis handling, storage and repair yard. We interchange equipment in and out, repair the equipment if it is damaged, and retain it in the yard until the equipment is booked for loading or unloading. Interchanges are a form provided by the steamship companies, which notes all damages for our protection, the truckers protection, and the steamship companies protection. We deal with customs in clearing loaded containers from our yard before they can leave for their destination. We take booking numbers from our customers for empty containers to be loaded. At that time, we issue a container, seal, load plan and destination stickers if necessary. It is required to keep a current inventory available at all times. We have been maintaining the inventory by a manual system but recently we purchased a computer.

We currently added a new division which is refrigeration repair and maintenance. This equipment is highly specialized and requires a certified refrigeration mechanic. His duties are to make sure the units are in proper running order at all times, loaded and unloaded.

Our revenue is made by repairs done to equipment which is done on a bid basis. Lifting the containers on and off a chassis or flatbed trailer, lining containers for loading, building sides of flattracks for cargo to go overseas and our gate charges for equipment going in and out of the yard.

I hope that this gives you an idea of the kind of business Riverside Equipment Service is and how we started.

The problems that have arisen probably are not altogether unique but they could be devastating to a new, small business.

Money! That is always the prime problem. It was for me too. I went to the bank and asked about a loan. By the time I left, I had a stack of applications a half-inch thick. My thoughts were, if I were to get to the bottom, I might be lucky enough to get a loan. The bank told me, because I was a new business, I might do better taking a personal loan. Then I asked about a SBA involvement and my bank was not very interested. I was not in a position to put everything we own up for collateral to acquire this loan.

We ended up finding \$9,000 and that is what Riverside started with as cash flow. Along with that, I was able to acquire the yard we are in and a forklift. Again, money came into the picture, could I afford to put the first months rent down early in good faith.

Credit was my next problem. Fortunately, after 3 years, I had established enough credibility with other businesses I had worked with prior. They have been really supportive. It is the new companies I have a problem with. Riverside can get credit, but most generally, I have to give a personal guarantee with it. That does not bother me but I do feel my husband should not have to be a part of that due to the fact he is not the responsible party, I am.

Steamship companies require a special insurance policy. It is not out of reason, but insurance companies are not familiar with the policy I require. It has taken me a long time to get the majority of proper coverage. I still need refrigeration coverage and the cost of this is unbelievable.

When I started looking into what licenses were needed, where to find a tax number, and employees insurance, I went into circles. It would really be helpful if there could be a service available to a new business to find all of these guidelines.

These are problems I feel any new business will be affected by, man or woman. It takes a great deal of time and effort to research all that is involved in a start up.

The personal side affecting me as a woman, has been the lack of some men to accept my knowledge gracefully. I wanted to learn and be able to run a container yard successfully. I spent many long hours and worked very hard to be where I am today. It becomes very hard when a business man walks into the office and wants to speak to the manager or owner and I tell him I can help. He talks all the way around me or through me before he acknowledges I am qualified to help him.

I have had this happen many times. One instant in particular sticks in my mind. It was necessary to put power into our yard for our refrigeration units to plug into. I had our mechanic and the electrician present. I explained what was needed to the electrician and then he turned to the mechanic and told him he would get back to him. I was surprised but didn't say anything at the time. Then PGE got involved and the electrician got everybody confused. Finally, the electrician called me and asked me just who was making the final decision. When I told him I was, his comment was "I guess I had better deal with you then". It's amazing how a woman can get attention when she's paying the bill.

It should not have to be that way, but until we as a society accept changes in business, it's a problem that has to be contented with. Hopefully, in the future, ideas will change so that it will be easier for a woman to start in business without having to work so hard to prove her worth.

I have had to put a great deal of energy into proving my capability to the industry. I don't have all the answers for the problems I face but I am willing to learn and have already learned a great deal. There is plenty of business in our industry for everybody and good competition hurts no one.

I would like to be able to make a business appointment in the evening if necessary without the ramifications of what would be said. When I have to face a situation like this, again I take either my husband or my partner. I will not jeopardize what has been gained by fun gossip.

The shipping industry covers a very broad scope. If I ask for support, it would be in international trade—import/export. Portland does not have enough vessels calling on our ports. I have heard that one of the many problems is the length of time it takes to bring a vessel down the mouth of the Columbia. If that is so, what are our alternatives? Possibly disembarking at Astoria, then trucking the commodities to their destination. I am sure that many options have been discussed at one time or another. Portland has gained in vessel traffic along with all the new changes we are making to our ports. We can provide efficient and economical service for our customers old and new. I would like very much to be a part of this growth.

Senator PACKWOOD. Now let's take Diane Davidson from the Big Bear Shopper in White City, and Mary Seeman from Mary Seeman Designs in Corvallis.

Good morning. Ms. Davidson, why don't you go first.

STATEMENT OF DIANE DAVIDSON, OWNER-OPERATOR, BIG BEAR SHOPPER, INC.

Ms. DAVIDSON. I'm really pleased to be here this morning. I was surprised when I began listening to the testimony, how much—I thought mine was going to be different from everybody else's, but I find out we all have the same things to say. Anyway, thank you for this opportunity to be here today.

I am Diane Davidson, owner and operator of the Big Bear Shopper, Inc., which is an automotive, hardware, and sporting goods store in White City, OR. I've been a small business owner in excess of 7 years, and I've been in the automotive, hardware, and sporting goods business for 15 years. While I have not been active at a legislative level regarding women in business, I have been working on the same at a local level. I served as one of the original members of the Jackson County Commission on the Status of Women. I presently serve as a member of the board of directors for the Greater Medford Chamber of Commerce, vice president of our local Certified Development Co., serve on the Jackson County Sheriff's Advi-

sory Council, was elected to the Medford 549C School Board of Directors, and on April 30 was appointed by Governor Atiyeh to the State Advisory Council on Career and Vocational Education.

Women entrepreneurs, women in business, women executives, and society's ability to accept them is the subject I wish to address today.

There are many subjects relative to women in business—our stories of struggle, disappointment, victory and defeat are numerous. However, today, looking back, the progress made is certainly substantial. I have been a part of this progress for the past 20 years. As a young mother of 16, I dealt with many prejudicial situations that make me thankful for those changes. While I will admit to many confrontations throughout my career in a predominantly male environment, I must stress that the problems we used to talk of, such as doors closing and financing for women not available, are seldom heard.

The difficulties in acquiring credit, investment capital, needing cosigners, lack of funds available from financial institutions, and lack of available expansion capital are not unique to women; I assure you, they exist for men, too. I built and inventoried my business with a bank-SBA loan. I followed the same set of rules to obtain that loan as any person would have. I have always believed I received that loan based on a strong track record, a good financial plan, and strong support from the industry.

In June 1977 we opened, and struggled as all new businesses do, and reached annual sales in excess of \$800,000 until 1979, which marked the onset of the timber recession. Since that time we have been forced to refinance the building and sell off assets to cover losses. When the store opened we were overoptimistic, undercapitalized, and had ahead of us the worst economic times any of my generation has ever faced.

The stories are endless, but the battles always fell short of total destruction. In August 1982 the Industrial Forestry Association asked me to go to Washington, DC, to testify as a small business doing business in a timber-dependent community. This trip to Washington, DC, the people I met, and the knowledge I gained gave me a new burst of energy to go back and fight again. In December of 1982 I received that long-term loan which had been declined five times previously.

I have been asked many times by men and women, "How much do you think being a woman had to do with getting your loan?" My response is always, "None. I had to qualify in the same arena as any man."

My concerns today are with the image or impression that seems to be prompting this type of question. There is a singling-out process, as if to make it appear that the fact that you are a woman entitles you to special treatment, inferring that women are receiving funding or assistance and opportunities, not just because they have qualified or are capable and have character references and credibility to support it, but simply because they are women.

We read that women-owned businesses have succeeded in becoming a major force in the U.S. economy, and for the sake of time I will eliminate all the statistics I brought on women.

The doors have been opened, the opportunities are there, and women have achieved a certain level of equality. But acceptance of the female entrepreneur in business will be a task equally as difficult as acquiring the equality. As a woman in business and the owner of a business, I found that acceptance of my abilities to the public eye was very important to business survival these last few years.

Senator PACKWOOD. Say that again. Acceptance in the public eye?

Ms. DAVIDSON. Right.

Senator PACKWOOD. How do you mean that? You're not talking about bankers there; you're talking about the consuming public?

Ms. DAVIDSON. No—what I mean is that the leadership roles of the community. You'll see as I go on.

All the knowledge and know-how will go unrewarded without visibility. I urge you to work toward educating men or women in business of their need to be a visible factor in the leadership roles of their communities and Government agencies, to be a part of the network. This will give the success of women a true visibility, just plain becoming a part of all the different positions that are available and taking part in similar things to what we are doing today.

Promoting women for their true worth, being cautious not to create or add fuel to the special treatment or protection of women is an area that the Small Business Administration could be quite instrumental in. There will always be a need to insure that the opportunities are available, but it is most important not to allow policy that would insist on a quota of women-owned loans from the Small Business Administration.

To provide policy and direction that would establish credibility, cultivating it and giving support to the success of women in business—yes, the doors have been opened and the opportunities for new roles are there. What we have to deal with in the future is the assurance to the young women of this country that tradition and intimidation will not stand in the way of walking through those doors. Believing in ourselves, our ability, and our place in a healthy, happy home, as well as a career is essential to the success of women in business.

The pendulum seems to swing to an extreme before it comes back to the other side. In my eyes, the pendulum is swinging and women are in the middle, leaning in the direction of intimidating men, forcing some unfortunate things. Men and women need to be educated on acceptance rather than controlled, owned, or intimidated by one another. Their ability to respect, compete, and accept one another as equals is certainly idealistic but necessary.

Women's role as women will always be important, but now we have women in business. This addition needs to be addressed by our educational system, the public and private sectors. The past is gone, and we must deal with the future.

Thank you.

[The prepared statement of Ms. Davidson follows:]

STATEMENT OF DIANE DAVIDSON, OWNER-OPERATOR, BIG BEAR SHOPPER, INC.

Mr. Chairman, thank you for this opportunity to be here today. I am Diane Davidson, owner and operator of the Big Bear Shopper, Inc., which is an automotive,

hardware and sporting goods store in White City, Oregon. I have been a small business owner in excess of seven years and I have been in the automotive, hardware and sporting goods business for fifteen years. While I have not been active at a legislative level regarding women in business, I have been working on the same at a local level. I served as one of the original members of the Jackson County Commission on the Status of Women. I presently serve as a member of the Board of Directors for the Greater Medford Chamber of Commerce, Vice President of our local Certified Development Company, serve on the Jackson County Sheriff's Advisory Council, was elected to the Medford 549C School Board of Directors, and on April 30th, was appointed by Governor Atiyeh to the State Advisory Council on Career and Vocational Education.

There are many subjects relative to women in business. Our stories of struggle, disappointment, victory and defeat are numerous. However, today, looking back, the progress made is certainly substantial. I have been a part of this progress for the past twenty years. As a young mother of sixteen, I dealt with many prejudicial situations that make me thankful for those changes.

Women entrepreneurs, women in business, women executives and society's ability to accept it is the subject I wish to address today.

While I will admit to many confrontations throughout my career in a predominantly male environment, I must stress that the problems we used to talk of, such as doors closing and financing for women not available—are seldom heard. The difficulties in acquiring credit, investment capital, needing co-signers, lack of funds available from financial institutions, and lack of available expansion capital are not unique to women. I assure you they exist for men, as well as women.

I built and inventoried my business with a bank SBA loan. I followed the same set of rules to obtain that loan as any person would have. I have always believed that I received that loan based on a strong track record, a good financial plan, and strong support from the industry. In June of 1977, we opened and struggled as all businesses do. We reached annual sales in excess of \$800,000 until 1979, which marked the onset of the timber recession. Since that time, we have been forced to refinance the building and sell off assets to cover losses.

When the store opened, we were over optimistic, under capitalized and had ahead of us the worst economic times any of my generation has ever faced. The stories are endless, but the battles always fell short of total destruction. In August of 1982, the Industrial Forestry Association asked me to go to Washington, D.C. to testify as a small business, doing business in a timber dependent community. This trip to Washington, D.C., the people I met, and the knowledge I gained gave me a new burst of energy to go back and fight again. In December of 1982, I received that long term loan which had been declined five times previously.

I have been asked many times by men and women, "How much do you think being a woman had to do with you getting your loan?" My response is always "none, I had to qualify in the same arena as any man."

My concerns today are with the image or impression that seems to be prompting this type of question. There is a singling out process as if to make it appear that the fact you are a woman entitles you to special treatment, inferring that women are receiving funding or assistance and opportunities, not because they have qualified, are capable, have credibility and character reference to support it, but simply, because they are a woman.

I have read that women owned businesses have succeeded in becoming a major force in the U.S. economy. Women are starting businesses at a phenomenal rate, spreading into all sectors of the economy. Three million woman business owners and sole proprietorships make up one quarter of all small businesses in the country and account for more than \$40 billion in receipts, creating thousands of jobs across America. Between 1972 and 1982 the number of self-employed women increased 60%, which is five times the rate of increase for self-employed men. The proportion of women in traditionally male-dominated executive, managerial and administrative occupations jumped from 18.5% to 30.5% between 1970 and 1980. The doors have been opened, the opportunities are there, and women have achieved a certain level of equality. But, acceptance of the female entrepreneurs in business will be a task equally as difficult as acquiring that equality.

As a woman in business and the owner of a business, I found that acceptance of my abilities to the public eye was very important to business survival these last few years. All of the knowledge and know-how will go unrewarded without visibility. I urge you to work toward educating women in business of their need to be a visible factor in the leadership roles of their communities and governmental agencies. To be a part of the network which will help to give the success of women a true visibility, is important to the future of women in business.

Promoting women for their true worth, being cautious not to create or add fuel to the special treatment or protection of women, is an area that the small business administration could be quite instrumental in. There will always be a need to insure that the opportunities are available, but it is most important not to allow policy that would insist on a quota of women owned loans from the small business administration. To provide policy and direction that would establish credibility, cultivating the positive and giving support to the success of women in business.

Yes, the doors have been opened and the opportunity for new roles are there. What we have to deal with in the future is the assurance to the young women of this country that tradition and intimidation will not stand in the way of walking through these doors. Believing in ourselves, our abilities and our place in a healthy happy home, as well as a career, is essential to the success of women in business.

The pendulum seems to swing to an extreme before it comes back to the other side. In my eyes, the pendulum is swinging and women are midway and leaning in the direction of intimidating men, forcing some unfortunate things. Men and women need to be educated on acceptance, rather than controlled, owned or intimidated by one another. Their ability to respect, compete and accept one another as equals is certainly idealistic, but necessary.

Women's role as women will always be important, but now we have women in business. This addition needs to be addressed by our educational system and the public and private sectors. The past is gone and we must deal with the future.

Senator PACKWOOD. A couple questions to make sure I understand the thrust of your testimony.

You're saying it's no harder for a woman than a man to get credit and start a new business? Now it's tough for either one, but not any harder for a woman?

Ms. DAVIDSON. In my experiences—and I assure you, I started with no education—I feel that the prejudice that used to exist does not exist any more.

Senator PACKWOOD. And you would be opposed to the Small Business Administration or others having almost a quota system where a certain percentage of loans would go to women automatically?

Ms. DAVIDSON. Right. The policy that dictated that sort of thing—I think that there is an encouragement to recognize women; and if that were given the proper support with statistics and an educating process, you know, to prevent things like the man saying, "Oh, you are really qualified? You can do this sort of thing?"

Senator PACKWOOD. But you said you don't run into that? I mean, a man will run into that same situation?

Ms. DAVIDSON. As far as receiving loans, I really do feel there has been a tremendous amount of progress made in that area, and that that is not the situation anymore. However, oftentimes you may run into—I don't think that's probably as obvious as it used to be, where the acceptance of the individual that's coming in, because she is a female, in the initial introduction there may be some doubt in the individual's mind because perhaps they are in the construction business and they are coming in for a loan.

Senator PACKWOOD. Ms. Seeman.

STATEMENT OF MARY SEEMAN, MARY SEEMAN INTERIOR DESIGNS, AND PRESIDENT, WOMEN ENTREPRENEURS OF OREGON

Ms. SEEMAN. I'm Mary Seeman. I'd like to give you just a little background of how I started. I am an interior designer; I design primarily for residential clients in which I design the interiors and do the draftsmanship. In addition, I act as a retailer, selling custom

furniture, accessories, carpeting, draperies, but basically I do not have a showroom for walk-in clients. I basically work advertising and word-of-mouth.

I have been in business just a little over 4 years, and luckily or unluckily, the profession that I chose is not one that I needed to have a lot of capital outlay to get started. I purchased samples; that was basically it. Some office supplies. I did not have to have a large inventory because I did not have a storefront per se. I had found that this was a certain advantage in some ways and a certain disadvantage in some ways. I have my office in my home. We talk about bankers being exclusive at times for women; I found that the design field is that way for women, also. The showrooms that I would go to in Portland did not want to have the housewife coming off the street and just say she was a designer. They wanted someone professional to come in and order, so you had to go through a screening process through the workrooms. And this would happen—I think primarily, probably more for women than for men because there aren't as many men in the design field—by being a member of ASID [the American Society of Interior Designers], it has helped me get into the showrooms so that I could purchase samples and purchase things from them.

The disadvantage in having an office in my home has not been that great. However, I feel that many women that start their businesses—there are a lot of small businesses started by women in their homes—it is a sort of a stigma in a way, because you don't look serious, you don't look professional. People think they're not going to stay in it. I did find for myself that I was very, very serious. When I started in business—6 years ago I had graduated from Oregon State. I found myself newly divorced. My last child was out on her own; I had to support myself. I worked for a year for a design firm—or actually, it was a window covering place; they were design consultants—and then I decided to move into more of the field where I could do more design work, and I went to work for a woman that started a business in Eugene, and she hired three interior designers. Within 6 months, she had folded. She wasn't able to make it.

I had started my business with several strong ideas and thought I could do a better job than that. I wanted to be a professional and an honest businessperson. I could be an excellent designer working anywhere, but I wanted to be in business for myself. It was an exciting time; it was also scary to make that decision to go into business for myself. But I found it to be very worthwhile, even though it has been a struggle.

My first problem that I did run into, as far as starting my business, I did go down to the bank where I had my personal account. I did not speak to the loan manager; I spoke to one of the loan officers, and he didn't have the grace to call me back after I filled out my papers. Then I went down to talk to the manager and said, "I haven't heard anything." He apologized profusely but said that he wasn't able to give me a loan because they didn't know—I didn't have a background, I was just starting out. That was the advantage of starting in the interior design field where I did not need a lot of money. I did have a small cashflow coming in monthly. However, it

was rather demoralizing, and I decided not to keep trying on that, that I would make it go on my own.

I have talked to a number of business owners in this situation, and I have found—and this is strictly a personal opinion—that oftentimes when doctors, dentists, attorneys go into business, they go down and get a loan. Many women—

Senator PACKWOOD. If they're men?

Ms. SEEMAN. Well, I would say probably women, if they're—

Senator PACKWOOD. In those professions?

Ms. SEEMAN. In those professions, they go down and get a loan. Many women, in starting their own business, are afraid to do that. They are afraid to make that commitment, so they do start on a shoestring, so to speak, and when they grow and want to expand a little bit, oftentimes they go down to get a loan. Now that's a generalized statement, but I've found in talking to them—

Senator PACKWOOD. A woman is afraid to make the financial commitment, to borrow \$10,000, \$20,000, \$30,000 and be committed to it?

Ms. SEEMAN. Yes. That's just a general statement, but I have found—I am president of the Women Entrepreneurs of Oregon, the Corvallis chapter, and I've talked to a lot of women that are in the group. A number of them have started this way, and then we had a small group attend this last meeting that are interested in starting their own businesses or have already started them, they're just starting. And that would seem to be the general problem, was the financial end of obtaining a loan.

I do think it is easier to obtain a loan for a woman at this point, but it's still—I don't think easy; it's difficult when you go down there and say, "This is what I want," and, as Pam said earlier, you do have to have clear-cut goals. They have to know that you're going to be able to pay them back.

Senator PACKWOOD. I can't tell if there's a conflict in testimony, or whether what you're saying is sort of the same thing that Pam said, that too many women are reluctant to forcibly make their case; and that if they would forcibly make their case, they would get treated like a man. Is that what you're saying?

Ms. SEEMAN. Yes, in a way. I do think that, as someone else mentioned, we are our own worst enemies at times. We have a certain amount of fear as far as the commitment is concerned. So there is a problem with going in, and we are a bit timid. The first time that I knew exactly what I needed to go down and get a loan—I have a friend that's in business; he gave me a lot of tips. I also attended WEO [Women Entrepreneurs of Oregon] conference in Salem in the fall. They had a series of workshops and one of the workshops was a banker from Salem. He went through a profit and loss statement; he went through the financial statement; he went through the whole thing and he gave us some excellent tips.

That was a year ago. I'd been in business 3 years by that time, and considering going into an office downtown, as I was interested in financing at that point. That was really the first time I tried to read it. I'd talked to my accountant, but that was the first real clear-cut case that, you know, he'd given me all the information that you needed to go in for that.

But I do think women are timid. They don't know the questions to ask, often. I tried to read. I went to Small Business Administration's workshop. It's hard to know where to get all the information.

Senator PACKWOOD. Were they helpful?

Ms. SEEMAN. Yes, they were. Probably, I feel that they could have been advertised a little bit more. It drew a lot of people and most people that were there were people that were interested in starting their own businesses.

Senator PACKWOOD. Are the Women Entrepreneurs of Oregon involved in the conference in October, in helping plan it?

Ms. SEEMAN. Not that we've been approached on, no. The one in Medford, you're speaking of?

Senator PACKWOOD. No, the one in Portland in October, sponsored by the Small Business Administration.

Ms. SEEMAN. Oh, no. Not that I'm aware of, unless the Portland chapter is; and our State board has not brought that back to my office for me to be aware of.

I found I would have covered the financial part of that and the information part, too. I feel there needs to be a lot more information and it needs almost to be produced and advertised, because people are interested—they get started in their businesses and I think a lot of times they get busy and then they don't have time to attend these seminars, and that's when they run into problems.

My thought—and it goes back to the theory or the idea that having an office in your home is not as professional—I have a designer friend here in Eugene. She operated out of her home until a year ago. She rented an office, and she said all of a sudden she had architects and builders contacting her. There was the difference. Women find it an advantage to be in their home because there's a small capital outlay; they don't have—a lot of times they have children at home; they don't have to worry about being out of the home.

When my business started, it was starting slowly. I felt that that was an advantage to have it in my home. But there are disadvantages, too. I get a lot of interruptions. My thought is that if there could be small or low interest loans for people to build office complexes—I would like to see an office complex for women where they could rent offices for a low fee so they could get out of the home and establish a very professional attitude in their business, whatever business it might be.

And those are my three main ideas that I wanted to cover.

Senator PACKWOOD. Does your organization sponsor seminars of its own for women?

Ms. SEEMAN. The Women Entrepreneurs?

Senator PACKWOOD. Yes.

Ms. SEEMAN. Yes. We have them once a year. It will be hosted in Eugene, I believe, this next fall. We've always had it in October—usually it's the last Saturday of October. I'm not sure if that's been changed, but there has been some discussion of changing it to a November meeting.

Senator PACKWOOD. Now, that's more like an annual meeting? It's a 1-day, statewide seminar?

Ms. SEEMAN. Yes.

Senator PACKWOOD. And at this gathering, do you put on seminars and explain to women how to apply for loans and that type of help?

Ms. SEEMAN. It was covered last year. Usually we have a series of workshops or speakers. There was a banker there; there were some people from the advertising world—the media, actually, to let you know as far as getting published; I think I'm blank as far as some of the other workshops, but they do try to have a variety of speakers to help people in their businesses. Each local chapter has a meeting once a month. They usually have a speaker emphasizing some area of the business world.

Senator PACKWOOD. The reason I asked is that I was struck by what Jean Tate said about the Government can maybe do some things and not other things, but the one thing we cannot do is give people confidence, that somehow there's a limit beyond what we can do, and money will not buy it.

Ms. SEEMAN. That's true. We have to take care of that. And I think for a lot of women—I am speaking very personally, but also I've talked to a lot of other women in business, especially women in situations, perhaps, that are single for the first time. They are suddenly thrust into the working world, and either they're going to be employed or they are going into business for themselves. It's sort of an area we're not used to, sometimes, coming out of a situation where you don't have a lot of self-confidence, and I know I certainly didn't, and it's grown; but at times I was my own worst enemy.

Senator PACKWOOD. I was struck by a comment I heard a speaker make once about the limits of Government, and I thought he phrased it very well. He said the Government has enough money that it can print the most expensive volumes of literature ever printed. All of the Government's money cannot order it written. There is a limit beyond which we can't go, and somehow that's got to come from the individual.

Ms. SEEMAN. That's true.

Senator PACKWOOD. I have no other questions. Thank you very much. I appreciate it.

[The prepared statement of Ms. Seeman follows:]

STATEMENT OF MARY SEEMAN, MARY SEEMAN INTERIOR DESIGNS, AND PRESIDENT,
WOMEN ENTREPRENEURS OF OREGON

Good morning, my name is Mary Seeman. I am an interior designer. I work as a design consultant for my clients, designing primarily for a residential clientele. In addition to my professional services as a designer and draftsman, I act as a retail business, by the sales of custom furniture, accessories, carpet and draperies. I operate from my office and do not have a showroom for walk in customers. I have been in business for four years.

I am president of the Corvallis Chapter of Women Entrepreneurs of Oregon (WEO) and a member of Zonta and Woman's Networking Alliance. I am concerned about women in the business world. When I first started my business I quickly realized how little I knew about running a business. Had I realized that before starting my business, I would have been less confident about starting one.

I started my business with several strong ideas. I finished my degree at OSU six years ago, I was newly divorced and on my own for the first time. I worked as design consultant for a year, for a custom drapery business. I wanted to expand into more complete design field, so I went to work for a woman starting a business in Eugene. She hired three interior designers and went out of business in less than six months. I started my own business with these strong ideas, which became part of my goals. 1. I could do a better job than the design firm that started and folded. I

would be a designer that operated in a professional and honest manner. I could be an excellent designer working for anyone, but I wanted to be a part of a professional operated business.

My other strong idea was that I needed and wanted to be self supporting. Did the original ideas which became part of my goals work out? Parts of my goals were realized, but the financial independent goal was not reached as I would have liked. My business has steadily grown, but not enough. I am tired of struggling to make a living with it. I need help.

The major problem areas that I see for a woman as an owner of a small business.

1. Financial. Many woman are afraid to make a commitment to borrow large sums of money. They don't know how to go about obtaining a loan. They don't know what information to present to convince them they can repay the loan. WEO held a conference in Salem in October. Workshops were beneficial, especially the one I attended on loans. What happens to a woman when she doesn't have the capital to start and she doesn't have a record of success.

2. Where do you find the information that is available? What is available? Where is it available? SBA puts on workshops. Do they stress the problems that women encounter?

Senator PACKWOOD. We will conclude today with Virginia Willard, the vice-president of Corporate Banking for the Bank of California, and Deborah Holmes, the coordinator of Rural Small Business Programs at Lane Community College.

Ms. Willard, do you want to go first.

STATEMENT OF VIRGINIA J. WILLARD, VICE-PRESIDENT OF CORPORATE BANKING, BANK OF CALIFORNIA, TESTIFYING FOR THE NATIONAL ASSOCIATION OF BANK WOMEN

Ms. WILLARD. I am very pleased that my testimony is toward the end of the program because it gives me an opportunity to respond to a number of comments made about banking and the difficulty of obtaining credit.

I am, as was mentioned, vice-president of Corporate Banking, Bank of California. I am testifying here on behalf of the National Association of Bank Women, but also from my own experience of being in commercial banking for 17 years in three States, three different banks; and so my experience relates quite a bit to what we've been talking about today.

The National Association of Bank Women [NABW], is a professional association of women in banking and has over 30,000 members who are officers and managers of financial institutions around the Nation. Its primary function and focus is the education of its members, the bankers, and their career enhancement through education. But we have, especially for the last 4 or 5 years, used the experience and expertise of our members to assist various consumer groups and, in particular, women business owners.

We have developed with the help of the SBA—at the request of the SBA—and Farmers Home Administration, some workshops called "Money and Your Business." These have been given in over 20 cities around the country, and there are 13 planned just this year. The reason for this and the real focus of the workshop, is a real belief in NABW that the principal problem and obstacle for women business owners seeking credit is a lack of understanding and preparation on their part on how to assess their firm's needs, how to develop a business plan, and how to make a presentation to a banker. Also to know when to seek credit, and when to employ their own resources. A lot has been said here this morning about the frustration of going to a bank when a woman wanted to start a

business. Unfortunately, commercial banks are not the proper source of financing for business start-ups. This is a frustration that's felt not by women alone but by men as well, and that goes for the hot, new, high-tech companies in Beaverton. Someone who leaves Hewlett-Packard, or another hi-tech firm, with a dream and probably a very good idea, will go to a bank looking for a line of credit, and they often would be turned down, too.

Start-up financing is properly acquired, as someone else mentioned, from your own savings and your own resources; or, if necessary, to bring in shareholders. I just had to mention that because that is so often a source of frustration by women who feel there is discrimination against them when, in fact, it's discrimination against new business. And that holds true whether it's male-owned or female-owned, whether it's very small or potentially a very large high-tech company.

It is another matter for established businesses seeking financing—this is an area where NABW has been trying to assist because we do feel that with training, women can do a much better job of approaching banks. In fact, our workshop series—"Money and Your Business"—provides this assistance. It was given in Portland and in Coos Bay in 1980, and plans are underway to do this again in January 1985. In addition, NABW is giving several workshops at the October National Initiatives Conference. We'll be doing "Money and Your Business" and a seminar on "Start-up Financing." We will address the fact that start-up financing is a problem.

The seminar series does try to assist the women business owners in learning how to assess their needs, how to approach a bank—how to shop for the appropriate banker—because it may not necessarily be the best strategy to go to the bank where you have had your home loan or your car loan. Not all banks are the same. Not all financial institutions have the same objective, so that it is worthwhile to check around, find out what kind of banks have been receptive to certain kinds of businesses. And this is one area we think we can help in NABW.

In the interests of time, my prepared testimony has been submitted in its entirety. So I'll summarize some things that we have done research on and problems that we think exist. For example, NABW did research and focus group interviews to determine whether or not minority women face more problems than their white counterparts. In short, we did find that they face considerable problems, but they're the same problems as faced by all women, perhaps just in greater extent. Again, whether it's minority women, whether it's white women, or whether it's men, the problems generally are preparation and understanding of what is needed in order to approach a bank or a financial institution, properly present your need, and get it approved.

NABW does have several suggestions on how we think the situation could be improved and where help might be provided from the public sector. It has been mentioned several times that we do need more available information about women business ownership. In order to approach women business owners, we have to know who they are and where they are and what they need. And there really does need to be more information. Just for this conference to be held in October—and I am involved in the planning of it—we can't

get enough mailing lists. We want to send out 100,000 invitations, because apparently SBA has a budget for that, and we said, "Where do we get the lists of women business owners in Oregon, Idaho, and southeastern Washington?" That's the information we just don't have.

Senator PACKWOOD. Are they available?

Ms. WILLARD. Scattered. The SBA has written to the chambers of commerce; there are community colleges that are involved in it, too. We are going to every source that we can think of.

Senator PACKWOOD. You're apparently going to have to pull it together one list at a time.

Ms. WILLARD. We have to pull it together, and it's like pulling teeth. We've got time, but we don't want to overlook the women who really need these seminars and access to this tremendous program. So any assistance, compilation of data that could be done would be very, very helpful.

Another area is just to encourage private sector initiatives in support of women-owned businesses. NABW is an example of a private organization that has been doing its part. There are certainly a lot of good things being done by SBA, by Farmers Home Administration, by the colleges; but in whatever manner we can, we need to get more and more private institutions to recognize that their interest is served by becoming more involved. Banks find that it's in their interest to help support these seminars. It's business development. There are contacts made with potential customers; it helps the bank's image. It exposes the bank's lending officers to the problems of women business owners, which is part of what NABW has been trying to do. There's no doubt about it; there are bankers out there who have prejudices and preconceived notions, so part of our training process is to try to break through that.

Also, to promote the realization that successful financing really needs knowledge and understanding on the part of owners and lenders. It's a two way street, that bankers need to be more sensitive to the needs of small business owners, women in particular. Women need to have more of a sensitivity to what it is that makes a bank make a decision, a financing decision, and then be better prepared to present herself to the bank and present her business in a manner that would find a receptive ear on the part of the banker.

I have very briefly, then, summarized what I have in my testimony.

[The prepared statement of Ms. Willard follows:]

STATEMENT BY
 VIRGINIA J. WILLARD, VICE PRESIDENT, THE BANK OF CALIFORNIA (PORTLAND)
 FOR THE NATIONAL ASSOCIATION OF BANK WOMEN,
 BEFORE THE OVERSIGHT HEARING ON WOMEN IN BUSINESS,
 U. S. SENATE SMALL BUSINESS COMMITTEE
 MAY 30, 1984, EUGENE, OREGON

NABW's Work With Women Business Owners

The National Association of Bank Women (NABW) is a professional association comprised of 30,000 officers and managers of financial services institutions. NABW's primary mission is the enhancement of careers of its members via education. In addition to self-development, NABW members have shared their expertise with a variety of consumer groups. For four years, NABW has been providing educational opportunities to women business owners. NABW's work began as a result of requests from the U.S. Small Business Administration and Farmers Home Administration to assist established women business owners in assessing their firms' prospects for expansion and how to enhance the potential for success in seeking financing. With grants from these two federal agencies and the Donner Foundation of New York, a five-part workshop series, "Money & Your Business," was developed (program description attached) to address these issues. NABW members, as well as other bankers and CPAs, have volunteered their time and expertise to serve as workshop leaders. The program has been offered in 20 sites to date and 13 offerings are planned for 1984 alone. It was offered in Portland and Coos Bay in 1980. Plans are underway to offer the updated series in Portland in January 1985.

Women Business Owners and Business Financing

Through NABW's work these past four years, we have been able to understand very clearly the concerns and characteristics of women business owners - particularly those in the early years of ownership (approximately 2-7 years). Those with whom we have worked own firms with sales/billings from \$50,000 - \$1 million annually.

The following provides a profile of many of the women who have attended our programs:

- Most have a minimal level of knowledge about the financial workings of their firms. Most have relied heavily on others to handle this aspect of their businesses while they focused on delivering their products/services. They tend to know "they don't know" and are most willing to seek help. Difficulties often arise because they often aren't sure about what questions they need to be asking of their accountants, bankers, financial advisors, etc. They do not know how to present their case for financial or other assistance. As a result, many have had unpleasant experiences which have often been costly.
- Most have indicated a limited and/or erroneous understanding of financing options, how to tap these, and how financial institutions operate and make financing decisions. These difficulties have increased in recent years as the financial services world has become more complex. One of the major benefits of NABW's program has been to help provide much needed knowledge on these subjects.
- Many of the women seem to exhibit an unusual amount of hesitancy about expanding their firms. Some of the reluctance stems from a desire to retain control while for others it's an apparent fear of committing to the financing required.

In addition to the program offerings, NABW conducted secondary research and two focus groups to begin to assess the extent to which minority (Black and Hispanic) women business owners had needs or faced issues significantly different from those of their white counterparts. This work resulted in the following findings:

1. We could not find any resources that have addressed the issues surrounding access to capital for minority women entrepreneurs. There are a few instances of research on demographic characteristics of minority women, but even those are limited. Of the research conducted to date, none seems to reveal anything of particular note.
2. We conducted focus group discussions in San Antonio and Chicago to explore personal experiences and determine if we could elicit something of substance. This feedback, plus the feedback from minority owners who attended "Money & Your Business," generated the following comments:

- The Black women entrepreneurs indicated they had experienced what was perceived to be discrimination, or at least a significant lack of receptiveness, in their attempts to seek financing. Several noted that the combination of being female and black meant they had to push significantly longer and harder to achieve their goals. One woman, owner of a pharmaceutical manufacturing firm, experienced twelve (12) "nos" before successfully negotiating a sizeable expansion loan. She felt that other factors compounded her situation -- her youth and the fact that the bankers often did not understand her business.

Another issue that was mentioned was that the women felt they had to make a stronger case for their firms' plans if they included marketing to a non-minority community.

- The perceptions of the Hispanic women were quite different. There was some indication of experiencing discrimination, but it was not raised

very often, and when it was it was in the context of being female rather than Hispanic. One fact that may impact this group's experiences is that San Antonio is heavily Hispanic and there is probably a greater acceptance and comfort level on the part of both Anglos and Hispanics in working together. It would be valuable to explore this further with other groups of Hispanic women entrepreneurs who may be in a more isolated, but growing, community (e.g. Denver).

Based on what we read and heard from minority women business owners, we have concluded that:

- Minority women entrepreneurs may, and often do, face a series of challenges in seeking financing that are beyond those that their non-minority counterparts face.
- More than adequate preparation of a business plan, etc. will be required when minority women seek financing.
- Minority women entrepreneurs' potential for success in seeking financing will be enhanced if they are more sensitive to the issues they might face and build strategies and skills to deal with them. Let's return to the situation of the pharmaceutical firm owner mentioned earlier. She attended a "Money & Your Business" workshop and, through that experience, realized that she knew what she was facing but wouldn't address it realistically and find ways to overcome the obstacles. She knew the combination of being female, black, young and in a non-traditional field was working against her, yet she had refused to either take anyone else with her (like her CPA or

attorney, etc., who might counter-balance her presence) or to flex her own style to build a stronger rapport. After the workshop she realized that these tactics might have reduced the need for so many attempts to seek financing.

Minority women business owners have limited knowledge about financial institutions, how they work, what they expect, and as a result have had negative experiences in working with bankers. This reality does not seem to be any more extreme than their non-minority counterparts.

ISSUES THAT NEED TO BE ADDRESSED TO ENHANCE THE VIABILITY OF
WOMEN'S BUSINESS OWNERSHIP

1. Improved Data on Women-Owned Businesses

Significant interest in and discussions on women's business ownership have occurred for the past 5-7 years. Despite the growing interest and the fact that women business owners represent the fastest growing segment of small businesses, solid information about the nature and scope of these firms is nonexistent. One of the problems is exemplified by the fact that national data only reflects information on sole proprietorships. As a result, women-owned firms are viewed as being inconsequential in size and impact. It is critical that women-owned partnerships and corporations be included in data collection and research efforts. Another data base problem was noted earlier in the discussion of research on minority women business owners - virtually none of substance exists.

Until a reasonable approach to data collection is developed, anecdotal information will have to be relied upon to make policy and other recommendations for three million women business owners nationwide.

2. Encourage Private-Sector Initiatives and Involvement in Support of Women-Owned Firms.

Our work with women business owners has been a tremendous service to the owners. However, bankers and their institutions have benefited as well in the form of new/expanded business, better informed customers, and in

goodwill for the banking industry. Exploration of other such partnerships can provide the same kinds of returns to all who participate.

An important consideration to be made in future management/technical assistance efforts is the support of high impact resources. Usually, to achieve high impact implies reaching small numbers of people at a time. Unfortunately, rewards seem to accrue to those who reach many thousands of people without regard for results. It's very clear that what's needed to move women business owners beyond survival only is intensive, focused, hands-on kinds of resources.

3. Improve Access to Information, Counseling Regarding Business Start-Up

In the process of NABW's recruiting participants for our "Money & Your Business" series, we receive many inquiries from women who are considering or are in the early stages of business ownership. Our discussions with these women reflect a lack of understanding of the "realities" of ownership, no knowledge of community-based resources (information, financing, etc.) that may be available to assist her in planning or assessing the potential of a new venture. Because such resources are either unavailable, or if available not widely publicized, women are pursuing business ownership with very little chance of even marginal success.

It's very disheartening to talk with owners with some financial resources who have, because of lack of adequate preparation/planning, misdirected those resources which may have been able to be used as leverage for financing.

It would seem to be a relatively simple task to identify on community and/or state level, an already-existing organization which could serve as a clearinghouse for resources available to new firms.

4. Promote the Realization that Successful Financing Requires Knowledge and Understanding on the Part of Entrepreneurs and Lenders

The ultimate concern of any business owner is access to capital. Women business owners in particular comment on difficulties they have experienced in seeking financing. As we try to understand this, it's important to look at all the factors involved.

NABW's offering of "Money & Your Business" has demonstrated that access is enhanced when owners are better prepared, more knowledgeable about their firms' financial needs and how best to satisfy them, and how a loan package is analyzed from a financial institution's point of view. It's essential that owners realize that not every financial institution deals with all types and sizes of businesses, that shopping for a bank/banker is required, just as the owner would shop for an accountant, suppliers, etc.

There is more to be done in the financial institution side. We need to do more in educating customers about how we function. Many lenders need to increase their sensitivities to the needs of small firms generally and to the unique concerns of women business owners. Many lenders need to adjust their thinking since we've been trained to deal with large, non-service firms, whereas the great proportion of women-owned companies are service firms, that don't fit the traditional financing guidelines.

Business financing is a two-way street. Once both parties are operating from that assumption, everybody wins.

NABW appreciates the opportunity to appear at these hearings. We are interested in participating in any efforts in Oregon to enhance the potential for women business owners to play an even larger role in the economy of our state.

Senator PACKWOOD. I've got a couple questions. You heard Jean Tate indicate earlier about them wanting her husband's signature, when she's on the bankboard; and she calls the other bank officers and they say no, they don't ask for a wife's signature. Is that a remnant from the past that no longer happens?

Ms. WILLARD. I should hope so. I image it can still happen in some places and some instances, and of course, sometimes it's appropriate. The woman business owner needs to know the rules, be assertive and not be bullied. Some old-time bankers have not been willing to change with the times.

Senator PACKWOOD. Pam talked about—3 years ago, 4 years ago—they wanted her husband's signature on the loan, even though she'd been in business.

Ms. WILLARD. Pam's response was the correct one. I was nodding my head, and I was delighted to hear that. Pam had no experience and, apparently, no assets. So what we would say in our seminars is that whether it's your husband or anyone else, if you don't have the assets, earnings, and track record to get credit in your own name on your first attempt, get someone else to cosign your loan, whether it's your husband or anyone else. That is not a shame and disgrace.

Senator PACKWOOD. I know that old prejudices die hard. I was in Congress when we passed the antidiscrimination law, although it was personal credit, not business. I remember the argument that we faced over and over about the bank credit cards, the VISA's and the Master Charges, and divorced women versus divorced men. And the banks would not give the cards as readily to divorced women on the theory that, as a class, they were a worse credit risk than divorced men as a class. That may or may not have been true; but trying to get them to weigh people on an individual basis was difficult. They were just prepared to accept a lot of bad credit risks that were men and exclude a lot of good credit risks that were women.

Ms. WILLARD. I'm sure that was a problem, and in fact I faced it myself personally about 8 years ago. I don't think it's a problem anymore unless you get way off the beaten track in some remote bank where they haven't quite caught up. It has changed, and I think that the Government regulations have helped because it has brought the discrimination to everyone's attention.

If a situation similar to Jean Tate's were to happen today, my bank, my fellow bankers and I, would not have asked for her husband's cosignature. As I say, Pam's response was correct and she did the right thing. First of all, she established credit with the cosignature of someone else, who happened to be her husband. It could have been her father. It could have been just a friend who was willing to lend his or her creditworthiness to her project. And the next time, after she had established her credibility and her track record with the bank, she was on her own, and a cosigner was not required.

Senator PACKWOOD. Ms. Holmes.

**STATEMENT OF DEBORAH HOLMES, COORDINATOR, RURAL
SMALL BUSINESS PROGRAMS, LANE COMMUNITY COLLEGE**

Ms. HOLMES. Good morning, Senator. I am Deborah Holmes; I am coordinator of the Rural Small Business Program. My education and experience are in adult education and business management. I owned and operated a textile manufacturing business in Maine for 5 years, and I moved here 4 years ago. Since then, I have worked in business and education in Lane County.

The Rural Small Business Program offers a variety of educational, technical, and resource services to assist Lane County small business operators in the management of their companies. These services are provided to all small business operators whose businesses are located outside the Eugene-Springfield area, and who employ no more than 15 people. The Rural Program was developed in 1981 under funding provided by the Oregon CETA Governor's Grant from the U.S. Department of Labor to Lane County Department of Employment and Training. The Rural Program is now part of Lane Community College's Business Assistance Center, which was formed in 1982 to serve Eugene-Springfield metropolitan area.

Senator PACKWOOD. Congratulations, by the way, on the recent grant from the Small Business Administration. That's a real plum for the college and a real plum for Oregon.

Ms. HOLMES. Yes. Lane Community College has a long history of providing excellent, practical small business management assistance in Lane County. We started with a small business management program in 1976, and this year LCC became a national model for the statewide small business development centers. We're very proud of that.

The Rural Program is an integral part of that. There are over 6,000 business owners in Lane County, and as coordinator of the Rural Program, I work with over 2,000 of those business owners.

Last year, 64 percent of the program participants in the Rural Program were women. This year, it's going to be over 80 percent of the participants who are women in the program. And I counsel business owners on a one-to-one basis, and I have brought along some of the common concerns of women business owners in the rural community. I think that they are also concerns of women in metropolitan areas. I will only read a few of them to you, due to time constraints.

Some of the concerns are, how can I run my business without sacrificing my family? What options exist for delegating home and child care responsibilities? How can I become familiar with business environment and language? How can I get experience in skills such as negotiating, operating as a team, conflict resolution and assertiveness? What networks exist for women business owners? When and how do I use consultants? How can I control the growth of my business? How can my business compete against others in the business environment?

What are the advantages and disadvantages of operating my business from my home? What are the different avenues for entering foreign markets? How and where can I obtain information on Government contracts? How do I obtain external financing?

I have more questions, and I will submit them to you.

There are certain disadvantages of women business owners, and I also look at women who are isolated in rural communities. I work primarily in communities such as Florence, Junction City, Cottage Grove, Oakridge, Creswell, and we provide workshops for women business owners, as well as all business owners. We just finished a series called *Women in Business* and this series was presented in five communities.

It was interesting also to hear Ms. Willard's testimony, because we also finished a series of small business financing workshops in all of these rural communities. What we did was, we brought in someone from an economic development committee and a banker, a local banker, to talk to small business owners about how to apply for financing. The majority of the business owners at all of these workshops were women.

Some of the disadvantages of women business owners include the inability to establish credit and secure loans. Small businesses are more dependent on loans than large corporations which can issue stock or long-term bonds below prime, fixed interest rates.

There is also some discrimination from lenders and from suppliers that can be a problem. Lack of business exposure and lack of adequate managerial training is probably the greatest reason for business failures.

Senator PACKWOOD. Lack of business exposure? Experience?

Ms. HOLMES. Yes, yes. Not working in a business environment.

Senator PACKWOOD. OK.

Ms. HOLMES. Also, there are cultural barriers that affect women, especially in rural communities. Women who have lack of community and family support find it very difficult to start and operate a small business.

Another concern that I have in terms of women in business deals with equity in entrepreneurial literature. The role of career education and the expansion of opportunities for women to explore self-employment in business formation just cannot be ignored at this point in time. Counsellors in educational settings need to work to overcome shortcomings in the available entrepreneurship literature. A recent sex equity-based review of career education tools showed that while several sophisticated instructional packages are being developed by major corporations, few, if any, have made serious attempts to include structured group learning activities in individualized units that realistically portray the woman entrepreneur. An example of that was, I was sent a series of 12 videotapes to preview for possibly using them in our program. Again, we're working with almost 80 percent of our program being women. I reviewed all 12 of the tapes, and only 1 of the tapes portrayed a woman as a business owner. In all of the other tapes women were secretaries or they were clerical support or clerks, but only 1 tape out of 12 portrayed a woman as a business owner. As a result, we did not get the tapes.

All too frequently, the female is portrayed as the helper to a retail merchant, or as the secretary to a risk-taking service provider. A similar situation prevails in basic curriculum texts. Given the expansion of registrations by women in business-related courses, materials in business law, accounting, and business math need re-

vision to reflect adequately the progress in role expansion that females have made in the past decade.

Improved access to believable role models is another key to improved participation rates in nontraditional vocational training; male entrepreneurs have had many role models. Think of Henry Ford. For women and minorities, though, examples are less common and have been particularly slow to emerge, especially in the mass media. So these are two areas that I think we need to focus on.

Recently I spoke to young women who were graduating from Junction City High School. Before I began speaking to them I asked them what kinds of things they were getting ready to do. Some of them were going on to college; many of them were going into very traditional female roles; they were going to receive training as beauticians, training in day care centers, things like that. As I was listening I was wondering if any counsellors talked to these people about going into business, about that as an option. I suspect that that didn't happen.

Our program is providing a series of workshops for women, as well as other business owners. We also provide one-to-one business counseling. Women come to us and want to know how they can put together a loan package, how they can develop a business plan, things like that. We really are trying to provide those services.

Senator PACKWOOD. You're involved heavily in this conference in October, the SBA conference?

Ms. HOLMES. Yes, we will be involved in that.

Senator PACKWOOD. Good. I didn't realize that there was no list of women business owners or no one place to get it. Now that I think about it, I can understand why. If the conference does nothing but get a list of the business owners in this State together, that will be a worthwhile task.

I don't have any questions to ask you, but I can't resist closing with a story about one woman that worked in my office who was one of the most extraordinary people I've run across. She since has left. She was from Kentucky, got married at a very early age, had a baby, got divorced at about 19 or 20, and had day care problems and worked from the time she was 20 until she was 26, working two jobs. And when her child started school she went to college and, at age 30, packed up her two suitcases and her 10-year-old kid and came to Washington looking for a job. She knew nothing about politics, and was a very, very good secretary; we hired her as a secretary at \$11,000 or \$12,000 a year.

I won't drag out a short story into a long story, but in 2 years she was my administrative assistant and she had gone from \$12,000 to \$45,000 and after doing that for 1 year she announced that she was quitting and going back to Louisville because Washington was an unfit place to raise her daughter. She has gone back to Louisville and has held several very successful jobs there and says that, at age 38, she is coming back to Washington. Her daughter will be 18 and gone and she will still be young. She just went through our office like nothing I've ever seen, and then left, probably a wise decision in terms of a teenaged daughter and where you're going to raise the daughter.

That's all. I cannot tell you what a sensational morning it has been. It has been an exciting morning. Karen, if you'll wait around just a minute until we're done, I'll tell you the name of the person I referred to and introduce you to Elaine in terms of insurance.

I cannot thank you all enough. It's been a most illuminating morning. Thank you. I'm going to leave the hearing record open for a month so that anyone who wants to submit other written testimony can do so, and it will be in the record.

[Whereupon, at 11 a.m., the committee recessed, to reconvene at the call of the Chair.]

[The prepared statement of Ms. Holmes follows:]

WOMEN IN BUSINESS - STATISTICS

1. The entrepreneurial spirit is alive and well in Oregon - especially among women.
2. Today women own nearly a quarter of the 13 million small businesses in the country and are adding more, at a growth rate at least three times as fast as men.
3. 45% of the businesses owned by women are in services.
4. Entrepreneurship as a career option for women has come into its own in the 1980s. Women who entered the work force in unprecedented numbers in the last decade are now becoming entrepreneurs. Times are changing. Women who own a business are still pioneers, but the idea that they can own and manage a business is gaining acceptance.

Women have the economic stimulus to own their business. Only 4% of American women earn more than \$25,000 a year. Their downside risk in starting a business is still much less than it is for a man. They figure they might as well try it.

TRENDS AMONG AMERICAN WOMEN

A new report by the Census Bureau compiles trends among American women in a single publication. Some facts from the profile include:

- *About one-half of adult women worked outside the home in 1980 compared with one-third in 1950.
- *Fertility has decreased sharply. Women averaged two children in 1980 compared with about three in 1950.
- *Women have been marrying later and divorcing more often. The proportion of adult divorced women has almost tripled, from 2.4 percent in 1950 to nearly seven percent in 1980.
- *Just over one-quarter of adult women now head a household, up from 15 percent in 1950.
- *Women still earn only about two-thirds as much as men, and they remain concentrated in traditionally female jobs such as nursing, teaching, retail sales, and in secretarial and clerical jobs.

DISADVANTAGES OF WOMEN BUSINESS OWNERS:

- 1) Inability to establish credit and secure loans. (Small businesses are more dependent on loans than are large corporations which can issue stock or long-term bonds at below-prime fixed interest rates.)
- 2) Discrimination from lenders and suppliers.
- 3) Lack of business exposure and inadequate managerial training. (Success in business is not accidental. Most business failures are due to poor business management.)
- 4) Cultural barriers. Lack of community and family support. As women business owners become more successful, being cut out of traditional men's groups can be detrimental to increased business success.

EQUITY IN ENTREPRENEURIAL LITERATURE:

The role of career education in the expansion of opportunities for women to explore self-employment and business formation cannot be ignored. Counselors in educational settings must work to overcome shortcomings in the available entrepreneurship literature. A recent sex equity-based review of career education tools showed that, while several sophisticated modular instructional packages are being developed by major corporations, few, if any, have made serious attempts to include structured group learning activities and individualized units that realistically portray the woman entrepreneur.

All too frequently, the female is portrayed as a "helper" to the retail merchant, or as the secretary to the risk-taking service provider. A similar situation prevails in the basic curriculum texts. Given the expansion of registrations by women in business-related courses, materials in business law, accounting, and business math require revision to reflect adequately the progress in role expansion females have made in the past decade.

Improved access to believable role models is another key to improved participation rates in nontraditional vocational training. Male entrepreneurs have had many role models. For women and minorities, such examples are less common, and have been particularly slow to emerge in the mass media.

- * Lane Community College has a long history of providing excellent practical small business management assistance in Lane County. The College's Small Business Management Program began in 1976.
- * This year, Lane Community College became a national model for the state-wide Small Business Development Centers.
- * There are over 6,000 business owners in Lane County. As coordinator of LCC's Rural Small Business Program, I work with over 2,000 business owners outside of the metropolitan Eugene-Springfield area.
- * Last year 64% of the Rural Small Business Program participants were women. This year over 80% of the program participants have been women.

The following questions are frequently asked by women business owners in Lane County:

- *How can I run my business without sacrificing my family?
- *What options exist for delegating home and child-care responsibilities?
- *How can I become familiar with business environment and language?
- *How can I get experience in skills such as negotiating, operating as a team, conflict resolution and assertiveness?
- *What networks exist for women business owners?
- *When and how do I use consultants?
- *How can I control the growth of my business?
- *How can my business compete against others in the business environment?
- *How can I prevent someone from stealing my ideas or copying my product?
- *What are the advantages and disadvantages of operating my business from the home?
- *What are the different avenues for entering foreign markets?
- *How can I analyze foreign investment prospects?
- *How do I enter the export market?
- *How do I arrange to ship merchandise?
- *What are foreign trade zones?
- *What kinds of trade controls affect exports?
- *Where can I find financing for export sales?
- *How will I be paid for what I export?
- *How do I deal with foreign currency?
- *How do I locate reliable supplies?
- *What is subcontracting?
- *How do I ensure the quality of work that is subcontracted?
- *What rights and liabilities does my spouse have concerning the business?
- *Where can I find out what local, state and federal licenses I will need to operate my business?
- *How and where can I obtain information on government contracts?
- *How do I bid on a government contract?
- *What types of government programs are there to assist small businesses?
- *How can someone with little previous management experience run a business?
- *How can I resolve conflicts in my business?
- *How do I prepare a budget for a new business?
- *How do I determine the amount of financing my business needs?
- *What source of financing is best for my business?
- *How do I obtain external financing?
- *How do I cover a negative cash flow? How can excess cash be used?

- *How do I analyze my business from a financial standpoint?
- *Where can I find financial information on other firms in my field or business?
- *What are my tax obligations?
- *What type of federal regulations affect small businesses?
- *What lobbying organizations exist to promote small business?
- *What equipment do I need for my office?
- *When do I need a computer?
- *How do I choose a computer?
- *Should I buy or lease a computer?
- *What is inventory control? Why is it necessary?
- *How can a lawyer help my business?
- *How can I promote my service or product at a cost I can afford?
- *What rights and obligations do I have as an employer?
- *How can I understand the "cash cycle" of my business?
- *How do I manage cash?
- *How does credit affect cash flow?
- *How does growth affect the cash cycle?
- *How can a banker help my business?
- *What does a banker need to know about my business?
- *How do I choose a good bank?
- *Should I use more than one bank?
- *Do I need to hire a full-time bookkeeper?
- *Which bookkeeping system is best for my business?
- *How do I use accounting information to run my business?
- *What is break-even analysis?
- *What are financial statements? How are they prepared?
- *How can a CPA help my business?
- *What kind of insurance do I need for my business?
- *Where can I obtain the insurance I need?



THE RURAL SMALL BUSINESS PROGRAM

LANE COMMUNITY COLLEGE

Downtown Center
1059 Willamette St.
Eugene, OR 97401
(503) 484-2126, ext. 595

WOMEN IN BUSINESS

This workshop will focus on some of the shared concerns of WOMEN WHO OWN THEIR OWN BUSINESSES and/or WOMEN WHO WORK IN A BUSINESS ENVIRONMENT. An opportunity to network and discuss individual concerns will be provided. Registration is \$5.00 per person, and the workshop will be from 1:00 p.m. to 4:00 p.m.

The Workshop Will Be Held At the Following Locations:

FLORENCE	February 9, 1984 Thursday	Florence Public Library 250 Highway 101
JUNCTION CITY	February 14, 1984 Tuesday	Junction City Public Library 726 Greenwood Street
VENETA	February 16, 1984 Thursday	Fire Recreation Hall 24951 McCutcheon Street
COTTAGE GROVE	February 21, 1984 Tuesday	LCC Central Area Education Center 105 South 5th Street
OXBRIDGE	February 28, 1984 Tuesday	Southern Pacific Credit Union Corner of 1st and Oak

To Pre-register for the workshop, please return this form to the LCC Downtown Center, 1059 Willamette Street, Eugene, 97401. Cost is \$5.00 per person; make checks payable to Lane Community College. For further information, contact the Rural Small Business Program at 484-2126, ext. 595.

Name _____ Phone _____

Address _____

RURAL SMALL BUSINESS PROGRAM WORKSHOP

An affirmative action/equal opportunity institution.



LANE COMMUNITY COLLEGE

Downtown Center
1059 Willamette St.
Eugene, OR 97401
(503) 484-2126, ext. 526

THE RURAL SMALL BUSINESS PROGRAM

TAKING CARE OF BUSINESS

WHO: THIS SERIES OF AFTERNOON WORKSHOPS IS FOR BUSINESS OWNERS AND INDIVIDUALS INTERESTED IN BUSINESS.

WHERE: THE WORKSHOPS WILL BE AT THE LAKE COMMUNITY COLLEGE CENTRAL AREA EDUCATION CENTER
(108 SOUTH 5TH STREET) IN COTTAGE GROVE

WHEN: ALL OF THE WORKSHOPS ARE FROM 1 TO 4 P.M. ON TUESDAY.

TOPICS _____ SUCCESSFUL RETAIL SELLING APRIL 10

8 SMALL BUSINESS FINANCING MAY 1

DATE: _____

DEALING WITH BUSINESS BURNOUT MAY 22

COMPUTER DEMONSTRATION FOR BUSINESS PEOPLE JUNE 12

COST: INDIVIDUAL BUSINESS (3 MAXIMUM)

\$5 PER WORKSHOP **\$8 PER WORKSHOP**

\$15 PER SERIES OF 4 \$24 PER SERIES OF 4

COMPANY _____ PHONE _____

ADDRESS _____

NAMES OF THOSE ATTENDING: 1.

TO PRE-REGISTER, PLEASE RETURN THIS FORM TO THE RURAL SMALL BUSINESS PROGRAM, LAINE COMMUNITY COLLEGE DOWNTOWN CENTER, 1059 WILLAMETTE STREET, EUGENE, OR 97401. PLEASE INDICATE WHICH WORKSHOP(S) YOU WILL BE ATTENDING AND ENCLOSE A CHECK PAYABLE TO LCC. FOR FURTHER INFORMATION, CONTACT THE RURAL SMALL BUSINESS PROGRAM AT 458-2125, EXT. 505.

AN AFFIRMATIVE ACTION/EQUAL OPPORTUNITY INSTITUTION.

FOCUS

on productivity

at
Lane Community College
4000 E. 30th Ave.
Eugene, Oregon 97405

No. 12, Winter/Spring 1984

In this issue:

1. The Rural Small Business Program at LCC, by Deborah Holmes
4. Quality Circles: Taking a Closer Look, by Rachel Vander Martin
5. How People Can Teach Themselves Skills Faster and With Fewer Mistakes, by Daniel L. Hodges
7. Quality Circles at LCC, by Julie Aspinwall-Landwehr
8. The VISA Card Version, by Casey Fast
10. Making Tomorrow's Managers More Productive, by Jack Kretz
11. Costs of LCC's Service, by Julie Aspinwall-Landwehr
12. Humanities and Counseling: An Integrated Approach to Human Relations, by David Sherman and Marje Wynne
14. Wheels and Computers, by Casey Fast

FOCUS offers a means for staff to share information and ideas about productivity. It is published on a verifiable schedule. Those willing to volunteer articles may contact Larry Romine, Community Relations and Development.



The Rural Small Business Program at LCC

By DEBORAH HOLMES
RSB Program Coordinator

Each year, millions of Americans respond to the opportunity to pursue independent business careers. These enterprising persons who choose to own and manage their own businesses are called entrepreneurs—the people who provide the spark and the dynamic leadership for our economic system by taking risks and being innovative.

As part of the business community, small firms contribute to our nation's economic welfare. They produce a substantial portion of our total goods and services. Thus, their general economic contribution is as important as that of big business. Small businesses and the entrepreneurs who manage them provide new jobs, introduce innovations, stimulate competition, aid big business, and produce goods and services efficiently.

A major structural change that favors small business is the shift from a manufacturing to a service economy. The manufacturing segment, in which big business predominates, is currently declining in relative importance. Services, retailing and wholesaling, are growing in relative importance. These areas are fields in which small business has traditionally been strong.

Many owner/managers of small firms have either a specific technical knowledge or some practical managerial experience. But, unlike their big corporate counterparts, most small business operators (SBOs) have a difficult time obtaining or learning new techniques for improving the viability of their specific business. Each year, more than 400,000 small businesses fail. This failure rate annually costs the U.S. taxpayer billions of dollars in liability and lost revenue.

Most people starting a new business are sincere and dedicated. They usually bring to their endeavor special skills and a willingness to work long hours. Yet, in two years, half of the new businesses started will no longer exist.

Most objective and knowledgeable observers of the small business arena believe that the prime cause of small business failure is the lack of managerial knowledge. Lack of capital is cited as a frequent symptom rather than the basic cause of failure. Reports issued by Dunn & Bradstreet over the last decade attribute the major cause of business failures to managerial deficiencies.

Government sources familiar with the national picture suggest that about half of the failures could be saved by appropriate management education and resource assistance before the situation became too critical to salvage.

Other struggling entrepreneurs whose businesses now represent little more than minimal level job subsistence could be strengthened and stabilized by management education and grow substantially. With a major effort to provide needed education and resource assistance, many small businesses would not continue to "grope through the darkness of ignorance" in an attempt to survive and compete in today's demanding marketplace. If SBOs are aware of the common causes of business failure and how to avoid them, the massive psychological, social and financial waste can be avoided. In the aggregate, our nation can gain jobs, taxes, productivity, and economic growth with the assistance of small business training and education.

1980 White House Conference on Small Business

National attention was focused on the role and importance of small business by the 1980 White House Conference on Small Business. The conference was called by President Jimmy Carter. The meeting in Washington was preceded by local and state meetings involving the participation of more than 25,000 small businesspeople. The President's statement in calling the conference contained the following remarks:

I believe such a conference can help us identify the many special problems facing small businesses and design an agenda that addresses them in a constructive way. As you know, the 14 million small businesses represent a much larger part of our economy than is commonly recognized.

The deliberations of the White House Conference were of general interest to those in public life who formulate public policy affecting small businesses. The 60 conference recommendations were well-publicized, and some of them have already been enacted to law.

After the Conference adjourned, an informal network of small business activists emerged. They gained a more formal status in the fall of 1981 and they convened for the first meeting of the National Advisory Council for the Senate's Committee on Small Business. The net effect, therefore, was to heighten the awareness of small business and to give it a higher priority on the national agenda.

Colleges and universities across the nation have greatly expanded their educational emphasis on small business. The teaching of small-business management courses has grown in popularity during the past few years. The academic field of entrepreneurship and new-venture management has also emerged in recent years. Many of the nation's leading schools now offer entrepreneurship courses and programs.

LCC's Rural Small Business Program

Recognizing the importance of rural businesses to our economy, the Rural Small Business Resource Center was established in September, 1981, under a contract with Lane County's Department of Employment and Training. It was funded, in large part, by an Oregon CETA Governor's Grant from the United States Department of

Labor, through September 30, 1983.

The express assumption for the RSBP's founding was that the problems of rural small businesses differ from those in more urban areas, particularly in the availability of services to assist SBOs improve their management skills.

Based partially upon LCC's successful rural small business program (RSBP) model, LCC formed the Business Assistance Center (BAC) in 1982 to serve the Eugene-Springfield metropolitan area.

To increase productivity, the RSBP was merged into the BAC administratively during 1983 along with previously established three-year Small Business Management and Farm Business Management programs.

Purpose of RSBP

The primary purpose of the RSBP has been to assist rural small business owners in improving their management skills, in finding necessary professional assistance and in gaining access to information relevant to their business problems. The RSBP's services have been made available to all small business operators and potential entrepreneurs whose businesses are located outside the Eugene-Springfield area and who employ not more than 15 people.

The secondary purpose of the RSBP is to aid in the economic development, diversification, job generation processes in Lane County by providing learners in the rural community with practical management workshops, direct technical assistance and resource services designed to improve management skills which are critical to the success rate of small businesses.

As part of LCC, the RSBP has worked to build the inner resources of rural SBOs to obviate problems, foster effective management and create growth in their communities. THE RSBP has coordinated quality training in basic knowledge, skills, and tools of management through informal learning activities (direct technical assistance and available resource materials) and formal learning activities (workshops in the rural communities).

Without such training it is safe to say that many SBOs would continue to feel the adverse financial and emotional effects of poor management.

RSBPs work is not done in a campus setting, and learners in the program aren't involved with grades, credits or semesters. Learning activities such as business management reference centers and workshops are made available in rural libraries, community centers, city halls, and LCC centers. By overcoming the lack of accessibility and availability problems, these services assist persons in obtaining and improving management skills which increase their chances of success in small business.

Services Provided by RSBP

Since September 1981, the RSBP has conducted 86 management workshops in Florence, Oakridge, Veneta, Junction City, Cottage Grove, and Creswell. These workshops have been attended by over 1,000 SBOs and potential entrepreneurs. Workshop topics have included business and financial planning, taxes and recordkeeping, marketing and advertising, managing a home business, and how to be your own business consultant.

More than 500 hours of direct technical assistance have been provided to hundreds of rural SBOs, and there have been over 100,000 resource service contacts since

the program began. The most often requested management issues concern marketing, financing, general start-up information, taxes and regulatory information, along with legal and accounting concerns.

A newsletter written by small business owners is edited and published quarterly by RSBP. The newsletter advises workshops and activities for small business owners, and it is distributed to 1,500 business owners in Lane County.

In cooperation with local agencies, the RSBP has established small business reference centers in its five primary areas outside the Eugene-Springfield area. These reference centers contain SBA pamphlets and books, a small business resource manual, management video tapes, as well as federal and state tax information.

The RSBP provides speakers or information to groups or organizations in the rural areas that are interested in small business.

Basic principles and skills of small business management are provided to managers of small businesses as well as to prospective business owners. Those who participate in the program are people seeking information because they sense the need or an opportunity. Because they look ahead and seek information, they are less likely to become the problems and casualty statistics of tomorrow's business record.

Many of the small business owners who have been involved in the program maintain a long-term working relationship with the RSBP as their businesses change and grow.

Community Resources are Developed and Utilized

As a part of LCC and its Business Assistance Center, the Rural Small Business Program is aimed at encouraging citizenry to become involved in learning activities that result in a better community. And the program's primary function is to aid those in the rural communities who want to learn how to better manage their businesses.

There is a wealth of community resources available for SBOs, and the RSBP utilizes such means as fully as possible to increase program productivity. The RSBP coordinates with the Small Business Administration, the Senior Corps of Retired Executives (SCORE), city administrators and local chambers of commerce, agencies such as CETA, and coordinators in LCC's other programs to define clientele, shape the program and provide access. Individuals from rural communities serve on the program's advisory board, and program participants are constantly providing constructive feedback about the program and its direction.

There is no better way to develop viable communities than to involve citizens, as many as possible, in learning experiences where they can interact. SBOs in RSBP workshops work together to identify and address problems and make decisions that affect their communities. Rural workshops provide an opportunity for SBOs to network and provide support for each other. The program's intention is to assist in developing the capacities of citizens to be self-reliant, self-supporting, and able to contribute to the economic development of their communities.

Emphasis in the Rural Small Business Program is on working relationships, community development, the establishment of linkages and the promotion of collaborative relations between LCC and other organizations that

have shared concerns for business and community development.

The Rural Small Business Program is another opportunity for LCC to go outside of itself and increase its productivity by being part of an integrated system of community services.

References:

1. Solomon, George T. and Bruce G. Whiting. *Casualties of Ignorance: The Dilemma of Small Business*. 1979. Proceedings of the Small Business Institute Directors Association March 1978.
2. *Report to the President: America's Small Business Economy—Agenda for Action* (Washington: U.S. Government Printing Office, 1980).
3. "Senate Advisory Council," *Venture*, Vol. 3, No. 9 (September, 1981), p. 10.

What small business operators are saying about the Rural Small Business Program:

Alpine

- Information about bookkeeping was helpful in setting up a different system.

Cheshire

- Used business plan to organize my business.

Cottage Grove

- RSBRC's information helped me to move from a crafts and hobby attitude to a business management attitude. I feel like I'm in business now because I know what to do.
- The marketing information and business plan have been very helpful. We are more organized and feel comfortable with professionals and wholesalers now.
- My sales will triple this year (\$2,000 to \$15,000).

Creswell

- Keeps my spirits up—the classes are great, with the real life examples and being able to ask specific questions. I never could have afforded to hire the consultants to give me the assistance and information that you have provided.

Deadwood

- I contacted some of the shops that you suggested and they are carrying my product. Thanks for the leads. It has given me confidence in my products.
- Sales are picking up and I'm getting some out-of-state business.

Dexter

- Information helped me to get my business started.

Dorena

- Got some ideas from the marketing workshop to begin some new promotions—I'm

going to work with some of the other business owners in the community.

Elmira

- The class I attended was straight-forward and down-to-earth—very helpful.

Florence

- Got a commercial bank loan, have added a new line to the business. Sales have increased.
- Have been in business for 10 years so some of the information from the workshops is basic. The direct assistance has been extremely helpful.
- Got \$30,000 loan for new equipment.

Junction City

- Your information has been extremely helpful in setting up my business—especially the list of resources where I can get more information.
- Have started generating an income from the business. Have gone from two part-time customers to six full-time customers.

Oakridge

- RSBRC helped us to prepare a loan package. It has received many compliments from financial experts. Thank you for the help.
- I have used some of the marketing techniques that you suggested. I appreciate the support.

techniques that you suggested. I appreciate the support.

- Good marketing ideas. I've gone beyond the hobby stage. I've set up my books and I'm learning about business.

Reedsport

- Helped me to set up my books and now I'm more comfortable with bookkeeping.

Veneta

- Due to RSBRC we are better educated and our product and direction have improved. Much of RSBRC's assistance will pay off in the future, although some of our latest sales are direct requests from RSBRC references.
- I have done hundreds of dollars of business by going to workshops and making business contacts with other business owners in the Veneta area.
- RSBRC helped us to get our business started—now it will support the family when Steve is laid off again.

Walton

- Added two new employees, thanks to RSBRC's referral. Just got a \$13,000 order from the Bon Marche.
- Your information for Oregon employers and referral to John Cope was very helpful. We are also using the tax and cashflow information. ■

NEWSLETTER



The Rural Small Business Resource Center

LANE COMMUNITY COLLEGE, DOWNTOWN CENTER

1059 Willamette, Eugene, Oregon 97401 (503) 484-2126, ext. 595

Vol. III, No. 4

RURAL SMALL BUSINESS RESOURCE CENTER

September, 1983

OWNING AND MANAGING A RETAIL OUTLET

By Frances Richardson

Are you a craftsperson or home business owner who wants to enter the retail field with your product? Do you want to continue to create your product, but are tired of giving it away?

Perhaps you have tried the shows and fairs, traveling up and down the state to set up outdoors or in large buildings for one to three days. It's hard work and there isn't always a satisfactory return for the time and money that you have invested.

Maybe the next step is a permanent place of your own—a Retail Outlet!

At first a craftsperson or home business owner might be wise to rent space in a public market building or share a building with other business owners. This would keep the overhead LOW. Plan to give you and your product a year's exposure to the public at the same location. Any time less than a year is not a true test.

It is important to keep your displays and fixtures as simple as you can. Invest your money in your inventory! (After all, only you know that the shelves, tables, and racks are secondhand.)

Try to have as large a selection of your product as possible available at ALL times to the consumer. Remember that somewhere there is the person who will chance to see just the item she or he has been looking for on your well-stocked shelves!

You thought you worked hard at the fairs and shows—now your work really begins. There are long hours at the shop meeting people. The one to one relationship with your customers cannot be replaced by anyone or anything. To see that the customer gets exactly what he or she wants—your smiling face and a heartfelt thank you—will bring them back again and again.

After the shop closes for the day it is time to rush to the workroom to create more of your product. Perhaps you'll create a new design or simply replace the items you sold that day. Don't forget to do your bookkeeping and order supplies. Then there is the pricing and packaging of new inventory to go to the shop the next day.

A word about pricing might be in order here because many craftspeople as well as other small business owners seem to be afraid to place a high enough value on their product in an eagerness to sell what they have created.

Low prices do not add to the beauty and the value of the product in the eyes of the customer. Be sure the price of each product includes material expenses, shop expenses, and PROFIT. If an item is beautifully crafted, pleasing to the eye in terms of color and design, and looks expensive, the customer expects it to be expensive. If it is not priced high enough, the customer will look for and find flaws in the materials or workmanship as an excuse not to buy.

With all these things in mind plus a burning desire to create and sell a beautiful product, you are sure to become a successful retail owner.

Frances Richardson designs and creates lingerie. Her shop is in its second year of operation in the Craftroom at the Fifth Street Public Market in Eugene.

HOW TO BE YOUR OWN BUSINESS CONSULTANT

A workshop entitled "How to be Your Own Business Consultant" will be presented in the following Lane County communities:

Community	Date	Place
Florence	September 29	Florence Public Library
Junction City	October 6	Junction City Library
Cottage Grove	October 19	Cottage Grove City Hall
Veneta	October 27	Midlane Multi-Service Center
Oakridge	November 2	Willamette Activity Center

The workshop will address ways to solve business problems, and it will assist business owners in identifying situations when they should seek outside help and where to get it.

All of the workshops will be from 7:00 p.m. to 9:30 p.m. If you are interested in registering, or if you would like more information about the workshop, please contact Deborah Holmes at 484-2126, ext. 595.

INGREDIENTS FOR BUSINESS SURVIVAL

By Richard Gross

Starting a business on a shoestring is a risky and often difficult endeavor. There is an optimum chance for frustration, particularly for those folks who are beginners.

Five necessary ingredients to business survival are:

1. Education
2. Planning
3. Timing
4. Marketability
5. Perseverance

These factors are interrelated, and a business owner should consider them before assuming a business name and throughout the later (and hopefully smoother) years of business operation.

Education. It would be wise for the ambitious entrepreneur to collect as much basic business knowledge as possible before launching his/her business. The following suggestions will facilitate your success and reduce your frustrations: take LXC business management classes, contact the Rural Small Business Resource Center, read Federal Government Information Bulletins and other business management publications, and talk to people with business experience.

Planning. Your business plan will reflect your research into the existing market, the viability of your product within this market, your ability to accrue investment capital, and projections on maintaining cash flow.

Timing. If you are manufacturing, allow ample time for product and technique development. Our own mistake was to make unfounded projections in relation to our manufacturing capacity. Technological and mechanization breakthroughs sometimes surprise you with their simplicity and enable you to significantly increase your production volume without increasing your overhead.

Marketing. Another of our mistakes had to do with marketing and timing. Out of an earnest (and over anxious) desire to make an income to cover overhead, we attended two back-to-back gift shows in Seattle and Portland. We were too hurried and, as a result, our presentation was less than professional. Worst of all, we later realized that gift stores were not our primary market. Given the educational qualities of our products, we have since found that educators and educational suppliers are our target market.

Persevere. Recently, I have talked with some friends who have been managing their own small business for a number of years. These discussions have caused me to

confront even greater realities! I now see that not only is starting a business a risky and often difficult endeavor... but so is maintaining one. Persevere—and best of luck to all of you who are facing this challenge.

Richard Gross is one of five owners of Conate Collections, a partnership in Deadwood, OR. The business has been manufacturing hand-sketched, hand-crafted wooden puzzles for 1 1/2 years.

BUSINESS LIFE INSURANCE— A TOOL TO PRESERVE THE FAMILY BUSINESS

By Sue Wilson

One of the most widely employed uses of life insurance is to provide money for taxes and settlement expenses for the owners of family businesses.

It takes good management and hard work to build a business today that will provide a comfortable living for both families and employees. What happens to a business if suddenly and unexpectedly the owner dies? What happens to the family? To the employees? Obviously money becomes a critical problem. Creditors may demand immediate payment. Bankers may call in their loans. Debtors may delay paying their accounts. And the family, deprived of income, needs money and turns to the executor for help.

When a business owner dies, the business must be liquidated unless all the heirs are adults and agree to take over the business. If the business is a partnership, the partnership is immediately dissolved at the death of one of the partners. A forced sale of the business will mean a loss of dollars to the family and loss of work to employees. Prudent business owners plan ahead to conserve their business interests for their families by assuring the availability of funds. Life insurance is the ideal method for providing those funds. The type of policy to best meet these needs depends upon various factors, including the number of owners, their family circumstances, and the structure of the business—corporation, partnership, or sole proprietorship. Your life insurance agent can render a valuable service to your business today.

Sue Wilson is a registered life insurance representative. She works for Equitable Life Insurance Company in Eugene.

MANAGING A FAMILY RESTAURANT IN A RURAL COMMUNITY

By Mary Strickland

"Casa Amigo means Friend's House," Tonja Robinson, owner of the tiny fast food restaurant, said as she pointed to her sign.

We had just spent an hour around her family table at the restaurant, and I was amazed at the number of friends who had drifted in earlier to eat or to have coffee and visit... all of us were as close as possible to her table and visiting loudly.

Fiesta music played in the background. Tantalizing smells of the Mexican food floated from the kitchen where Nancy, her part-time cook, prepared burritos and tacos according to Tonja's special recipes. Then, with lunch over, everyone began to leave for work or home.

It had all looked like such fun. I asked if the crowds ever bothered her.

"It's important to me to have my friends come in to visit me, just as if this were my house. After all, I am here from eight in the morning until nine o'clock at night every day except Sunday, and that day is for my kids. I wouldn't see my friends if they didn't come in."

Apparently this "fun" business was a lot of work, so I asked her to tell me what she found to be most difficult in managing her own business.

"Bookkeeping and Saturdays." Her grey eyes turned serious. "Organizing my time so that I have a scheduled time for bookkeeping is difficult. And Saturdays are tough because that is our slow day, and sometimes it takes a lot of self-discipline to keep from closing early and taking the kids swimming or on a picnic."

"Do your kids give you any trouble with their work schedules? It seems like it must take a lot of self-discipline on their part, too."

Tonja smiled. "No, Scott and Sue have been great. I've never had any trouble with them. They have a schedule just like everyone else, and they stick to it. The only problem I've had with them is that they sometimes think that this is home, and they sit down to do homework during their working hours."

"You see, they wanted to have a family business as much as I did. They were tired of Mom always being at work and never home for them. We wanted to be together more. I wanted to be more available to them, and this was our solution."

"Is there anything you do here at the Casa that makes you different from other fast food restaurants?" I was curious as to why this tiny place seemed so popular.

Tonja's eyes brightened and she replied, "The Fiesta. We have a Fiesta on every occasion that we can. We decorate and have live music when possible. We have a real party with all our friends coming and going. It's a lot of work but worth it."

"If I were to open a small restaurant in a town like Cottage Grove, what would be your advice?"

"Cook as if your customers were your family. Do not put anything on their table you wouldn't serve your kids. It has to be the best. That is our motto here."

We talked for a while longer about the difficulties of the high cost of supplies and utilities, etc... but, as we talked, I could see the pride Tonja felt as she spoke of her business. I could see that she worked very hard at keeping the image of being the "Amigo" in Casa Amigo.

Casa Amigo is located at 104 S. 5th Street in Cottage Grove. The restaurant specializes in Mexican foods, including some special dishes of its own. Hours are 11:00 a.m. - 8:30 p.m. Monday through Saturday.

Mary Strickland is also a small business owner from Cottage Grove. She designs original greeting cards, stationery, gifts and pamphlets.

RURAL SMALL BUSINESS RESOURCE CENTER PROVIDES SPEAKERS

If you are a member of a group or organization in Lane County that is interested in business, contact the Rural Small Business Resource Center, and we will provide information and/or speakers on topics related to business. (Contact Deborah Holmes, 484-2126, ext. 595.)

MAKING THE MOST OF YOUR TIME

If your work load is overwhelming, take a day off to sort and rearrange tasks. Set priorities, and new resources may come to light.

Here are some suggestions for planning your time better:

1. Choose one or two problems that are important to the business. Handle these first; then reorganize the rest of the day.
2. A job may be better handled on one day (or time) than on another.
3. Arrange weekly planning and review sessions to work on present business problems.

Frequently, discussions with other business owners opens up new approaches to old business problems.

SEMINARS OFFERED BY LCC'S BUSINESS ASSISTANCE CENTER

The second floor of LCC's Downtown Center houses a wide range of programs of interest to businesses. The Downtown Center is located at 1059 Willamette Street and the telephone number is 484-2126, ext. 530.

The Business Assistance Center offers business owners and managers individual assistance, short courses, seminars, business reference materials, and access to microcomputers. Full term offerings will include:

The Future is Now . . . for Business and Industry
September 20, 1983
8:00 a.m.-8:00 p.m.
Eugene Conference Center
\$10.00 per person

Introduction to Microcomputers
September 27, 1983
7:00 p.m.-10:00 p.m.
LCC DTC 301
\$25.00 per person

Leadership and Decision Making
October 11, 1983
9:00 a.m.-4:00 p.m.
Eugene Conference Center
\$50.00 per person (includes lunch)

Introduction to Computers for Managers
October 20, 1983
7:00 p.m.-10:00 p.m.
LCC DTC 301

Selling Techniques for Retail
October 26, 1983
7:00 p.m.-10:00 p.m.
Red Lion, Springfield
\$25.00 per business (limit 3 per business)

Introduction to Microcomputers
November 29, 1983
7:00 p.m.-10:00 p.m.
LCC DTC 301
\$25.00 per person

A Business and Economic Forecast for 1984
December 7, 1983
7:00 p.m.-10:00 p.m.
Eugene Conference Center
\$25.00 per business (limit 5 per business)

Introduction to Microcomputers
December 8, 1983
7:00 p.m.-10:00 p.m.
LCC DTC 210
\$25.00 per person

PARTNERSHIP AGREEMENTS IN SMALL BUSINESS

By Ann Bunnemberg

Disagreements and misunderstandings between partners or shareholders in a small business are one of the most frequent sources of legal problems for small business people. Sometimes the disagreements become so serious that the business is forced to close or a lawsuit results.

The best way to prevent disagreements and misunderstandings from occurring is to clearly spell out with your prospective partner or fellow shareholder what the precise terms of your agreement are before going into business.

At a minimum the following points should be covered in your agreement.

1. What is the purpose of the business?
2. Who makes what initial contribution of money and labor?
3. Who makes what percentage contribution if the business needs more money?
4. How are decisions to be made?
5. What authority does each 'owner' have to make unilateral decisions?
6. How are profits/losses to be divided?
7. Is anyone entitled to get a salary or draw?
8. What happens if one party wants to get out of the business, becomes disabled or dies?
9. What happens if the 'owners' don't agree on basic business decisions?
10. Who decides if and for how much new 'owners' are taken into the business?
11. How much time does each 'owner' devote to the business?

If you and your prospective business partners do not specifically answer these questions in your agreement, Oregon state law will in effect "write your agreement for you," but the answers this law provides may not be what you want or expect. For this reason it is extremely important that the prospective partners or shareholders of a new or expanding business reach a clear understanding about what they want the terms of their agreement to be and then hire an attorney with experience in the small business area to put the agreement into appropriate written form.

Ann Bunnemberg is an attorney in Eugene.

HONEY OF A BUSINESS MAY INVOLVE GETTING STUNG— OCCASIONALLY!

By Joann Mann Olstrom

Being involved with beekeeping includes many different kinds of activities—from the raising of bees and/or queens, the construction of hives and other equipment, pollination, harvesting, marketing honey through public education, and PR for the bees. It's not a boring job by any means!

Probably fewer than 10% of Oregon's 2600 registered beekeepers are women. Many of these women are hobby beekeepers or assist in a male-owned or family operation. My honey extracting/bottling facility is state-inspected, 39 Oregon men also own state-inspected facilities.

Marketing a product, I think, is also marketing ourselves. A storekeeper or honey producer or whomever must read, study the market, ask questions of others in the same field, and know his or her job "inside and out." A business owner can't be afraid to say "I do not know but I'll try to find out"—and then report the findings. It takes a lot of giving of ourselves—listening to and caring about our customers, sometimes even when we need to be doing something else. But the extra effort, the little extra touch of a ribbon on a jar, may make the difference in the long run between the IS and the has-been's, or the sell or no sell!

I see a large part of my work as being a public relations person for the bees. Why do we need bees? How do they work? How to use honey in more ways! etc. Organizations of men, women, and children, school classes, and others enjoy talks on bees and honey. Informative, educational displays in banks, libraries and other public places are useful. A newspaper column (BEE-UTIFUL BEES is mine) in a local paper can inform residents about bee activities and honey uses; other businesses can find occasional interesting things to let folks know about in these ways too. Such educational PR activities take time and maybe some "nerve" but help people learn positive things about bees and beekeeping. These activities also keep my name before the public in a non-advertising way! It can work for your business too.

A problem for the mini-business is the securing of supplies at less than retail cost. Many wholesalers have their quantity purchases set at levels that I do not need, can not afford, and do not have storage for. A freight car or semi-load of glass jars is one example. So I've become a shopper, looking for larger retailers who either have lower prices or give discounts to a mini-business. It would be helpful if I could find other small businesses who have

some of my same needs so that we could do some quantity purchasing—if we could agree on what we needed!

Although it sometimes means less efficient work, I've also learned to do without or to improvise. This will be helpful in the long run when I need to (and can afford to) expand; I'll hopefully have better purchasing judgment.

Because I know how it is to need to buy at less than retail (and in small quantities) in order to be somewhat competitive on my selling prices, I cater to other small business people. I will deliver (in my area) two or three of this and half a dozen of that if it is the storekeeper's need. Delivering to and keeping track of so many different small accounts is time-consuming. However, my product's name—JOANN'S HONEY—is there in more places for more folks to see! Repetition is one of the keys to good advertising, and my business grows!

Joann Olstrom is sole proprietor of JOANN'S HONEY on Maple Court in Redding, OR. She keeps bees and has sold honey and beekeeping equipment for two years.

SMALL BUSINESS REFERENCE CENTERS ARE IN YOUR COMMUNITY

The resource center in cooperation with local agencies has established small business reference centers in its five primary service areas outside the Eugene-Springfield area.

These reference centers are located at LCC's Sislaw Center in Florence; the LCC Central Area Educational Center in Cottage Grove; the Fern Ridge Community Library in Veneta; the Creswell Public Library; and the Junction City Public Library. There is also a reference center on "The Bus," the LCC mobile classroom which visits Oakridge and other areas.

These reference centers contain SBA pamphlets and books, a small business resource manual, management videotapes (in Florence, Cottage Grove, and The Bus only), as well as Federal and state income tax information. Whether you are in business or just considering it, the reference centers will have information to help you answer many business questions.

The RSBRC staff is also available to assist you with other small business matters. The telephone number is 484-2126, ext. 595.

THINKING OF GOING INTO BUSINESS?

By Laura and John McCallum

We started Applegate Boatworks in June of 1976. John had been laid off of his job in Eugene two weeks before the birth of our first child. John set out that summer to build a couple of his dream boats while he took time to enjoy his new son and look for more stable work. Twelve boats later he still hadn't landed that outside job, but the boats were slowly selling, and we gradually assumed the lifestyle of the self-employed.

To look at us now you might say, "Boy, have they got it made!" But it was never easy. So with the "School of Hard Knocks" behind us, I offer some questions and some advice to those of you who are thinking of going into your own business. If you can't answer the following questions, then you need more time to do some additional planning. LCC is a good place to turn for help in planning your business. We did and I don't believe that we would have made it without them.

Questions that need to be answered before going into business:

1. What are you going to sell? Selling your services is a good bet for a small business. People will pay to have things repaired.
2. Are you good at what you do? Do you have the necessary skills?
3. Who will be your customers? How will they learn about your services?
4. Are you a self-starter? Can you get going without someone telling you what to do?
5. Who are your competitors? If there are none, why? What are they charging for their product or service? How well do they live?
6. Are you in the right location to market your product?
7. What kind of support do you have from your family? Are members of your family willing to sacrifice along with you for months or even years?
8. Your business MUST have outside capital to begin and to grow. Will you put all your assets into the business? Will your relatives give you a loan or perhaps co-sign one from the bank?
9. What will you live on when the business is in its infancy or when the economy takes a nose dive? Can your spouse support the family and the business?
10. Could the business be part-time while you continue to work outside of the business?

With those questions answered, here's some general advice:

- Register your assumed business name with the Corporation Commissioner so you can get a checking account under that name. All business should be done by check through that account for accurate record keeping.
- Yellow Pages ads come out at the beginning of the year, but the deadline for getting one is early fall.
- To avoid burnout, take one day a week away from the business. Rest up or get involved in other interests.

Laura and John McCallum are the sole proprietors of Applegate Boatworks. They are located south of Venice, about 1/2 mile from the old Applegate Trail. They build small boats and repair all types of wooden boats under 25 feet.

RECORD KEEPING IN BUSINESS

Keeping records is the best way you can control your business. Inventory records, for example, should indicate at a glance what's selling and what isn't. This in turn points to proper production planning.

Records of advertising results can help pinpoint where your promotional dollars are being spent wisely and where they are being wasted.

Financial records must be maintained for tax purposes and are also necessary if you need a financial statement in order to apply for a bank loan.

The law requires that some records be maintained for a specified period of time. Documentation for income tax forms, for example, must be retained for at least three years beyond the filing date in case of tax examination.

It is good business practice to maintain files of correspondence, checks, accounts receivable, bills payable, orders, contracts, and most other records of business activities and transactions so they can be easily located.

WHEN TO BUY A COMPUTER FOR YOUR BUSINESS

By Wanda Hanchette

Knowing how to buy a computer is only one side of the coin. Knowing when to buy is the other side and can save business owners time and money in the long run.

Businesses generally produce a lot of paperwork during the course of daily activity. By the end of some defined period, all of these scraps of data are gathered and arranged in some sort of order to produce for the business a financial picture of the last month, or quarter, or year. The problem with this traditional approach, sometimes referred to as "alter-the-fact accounting," is that the information becomes available much too late to act upon.

Fortunately, the computer age has provided us with the capability of "before-the-fact accounting" that can actually impact the bottom line of the current period. With information about such things as the cost of a job to date, inventory levels of critical items, and sales status, decisions can be made about daily operations that can change the picture of a potentially dismal profit margin.

The answer appears to be simple: buy a computer. But the dilemma presented by this solution is familiar to many small business owners. The need for additional information arises long before the time, energy, and dollars are available for investment. The process of trying to find a system that will produce the desired results, in the format needed, for the life of the business is often a seemingly overwhelming task for an already overworked owner.

For the growing business there is an alternative. A

progressive, computerized accounting firm can provide the needed information until the organization can support a computer that will handle present and future volumes. This plan will eliminate the hassle and expense associated with the repeated upgrading to larger systems with each business expansion. It will also allow capital dollars to be spent elsewhere.

The service firm should offer customized reporting that will deal with the unique aspects of each business and will not require the business to change procedures to accommodate the computer system. And as it becomes more cost effective to do in-house processing, the service firm should be capable of assisting in acquiring a computer system that will allow the transition from these services to be made without interruption in the work flow. Training should be provided to assure that the company's staff can operate effectively on their own premises.

Buy a computer on an action basis rather than as a reaction to an undesirable situation. Buy when the information about your business is unavailable from any other source or when it is more cost effective to do it in-house. Buy when you're ready to make the commitment and when you're sure the system will meet your expectations.

A timely computer buying decision can free the owner to concentrate on what she or he does best... running the business.

Wanda Hanchette is an independent computer consultant in Eugene.

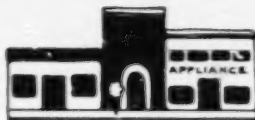
Lane Community College would like to thank all of the small business owners in Lane County who contributed to this edition of the Rural Small Business Resource Center's Newsletter.

Lane Community College's

Rural Small Business Program

offers a variety of educational, technical and resource services to assist rural Lane County small business operators in the management of their companies. These services are available to all small business operators whose businesses are located outside the Eugene-Springfield area and who employ no more than 15 people.

The Rural Program was developed in 1981 under funding provided by an Oregon CETA Governor's Grant from the U.S. Department of Labor to Lane County Department of Employment and Training. The Rural Program is now part of LCC's Business Assistance Center which was formed in 1982 to serve the Eugene-Springfield metropolitan area.



Why A Rural Small Business Program?

Rural small businesses are critical to the health of Lane County's economy. However, many small businesses, particularly during times of economic difficulty, fail due to management inexperience, even though they offer a good product or service.

Recognizing the importance of rural businesses to our economy, the Rural Small Business Program has been developed to assist rural small business operators in improving their management skills, finding necessary professional assistance and gaining access to information relevant to their business problems.

Information about going into business, cash flow management, financing, inventory control, marketing and advertising, computers, insurance, taxes and legal issues, planning and goal setting can be obtained through the Rural Program.



Rural Small Business Program Services Include:

- ✓ A network of business owners
- ✓ Business management workshops and classes
- ✓ Business counseling on a one-to-one basis
- ✓ A quarterly newsletter
- ✓ Resource centers containing business management publications
- ✓ A consultant referral directory
- ✓ Business planning sessions
- ✓ A business reference manual
- ✓ Computer demonstrations
- ✓ Speakers for groups and organizations interested in business

These services are provided in the Cottage Grove-Crescent, Junction City, Florence, Delridge, and Varies at a time and place convenient for the small business operator or manager. Details are publicized in advance so the small business operator can plan on attending.

